

**ROLE OF COOPERATIVE
IN INCOME GENERATING ACTIVITIES
FOR RURAL DEVELOPMENT**
A Case Study of Haripur Municipality, Sarlahi District

**A Thesis Submitted to
The Central Department of Rural Development, Tribhuvan University,
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In partial fulfillment of the requirements for the Degree of the
Master of Arts (M.A.)
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Declaration

I hereby declare that the thesis entitled, “**Role of Cooperative in Income Generating Activities for Rural Development: A case study of Haripur Municipality, Sarlahi District**” submitted to the Central Department of Rural Development, Tribhuvan University, is entirely original work that I prepared it, under guidance and supervision of my supervisor. The results of this thesis have not been presented or submitted yet to anywhere else for the award of any degree, Diploma or any other similar Titles of recognition in any university. No part of the content of this dissertation has been published in any form before. I shall be solely responsible if any evidence is found against my declaration.

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Recommendation letter

The thesis entitled “**Role of Cooperative in Income Generating Activities for Rural Development: A case study of Haripur Municipality, Sarlahi District**” has been prepared by Rajani Kumari Chaudhary under my guidance and supervision. I hereby forward this thesis to the evaluation committee for final evaluation and approval.

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The thesis entitled “**Role of Cooperative in Income Generating Activities for Rural Development: A case study of Haripur Municipality, Sarlahi District**” submitted by **Rajani Kumari Chaudhary** in partial fulfillment of the requirements for the Degree of Master of Arts (M.A.) in Rural Development has been approved by the evaluation committee.

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LIST OF ABBREVIATIONS/ACRONYMS

ADBN	:	Agriculture Development Bank of Nepal
CDRD	:	Central Department of Rural Development
FAO	:	Food and Agriculture Organization
FY	:	Fiscal Year
ICA	:	International Co-operative Alliance
IGA	:	Income Generating Activities
ILO	:	International Labor Organization
MDGs	:	Millennium Development Goals
MoF	:	Ministry of Finance
NGO	:	Non-Governmental Organization
NRB	:	Nepal Rastra Bank
SAARC	:	South Asian Association for Regional Cooperation
UK	:	United Kingdom
USDA	:	United States Department of Agriculture
VDCs	:	Village Development Committees

Abstract

Cooperative is considered as a member based autonomous financial institution with well-defined norms and principles of cooperation, voluntarily participation, self-help, mutual benefit. Cooperative has been identified as a potential component of Nepalese three pillar economy. The paper incepts in the role of cooperatives in income generation of rural people inside a locality of municipality for sustainable rural development. It was observed that cooperative role is not only on poverty reduction but also in raising social awareness and rural development where banking facilities are far away from the rural people. Cooperative can be effective, if institutional arrangement for breaking the vicious cycle of poverty in the rural socio-economic context through increasing income generation and social awareness is followed as per social and economic developmental situation simultaneously. Under effective supervision and guidance by the members, if cooperative can be well managed and strengthened; it can potentially strengthen the domain of transferability of rural community and there forwards to contribute to sustainable rural development.

The present study is focused on assessing the role of co-operatives running in Haripur, Municipality of Sarlahi, district. Based on the hypothesis of significant and positive role in income generation of rural people, the researcher investigated into the programs and activities delivered by cooperatives to enhance rural people as well as women's participation in income generation, decision making and developing interventions. The researcher brought the components such as family background, family size, education, family income, investment and yearly savings as separate variables for the study. Direct field study, observation and questionnaire, survey method was conducted to get information about cooperatives role in Haripur, Municipality of Sarlahi, district. Role of cooperatives in the daily life and socio-economic status of cooperative members were studied through discussion with cooperative members, officials of cooperatives and local leaders.

World scenario of cooperative role in income generation is mostly positive and progressive and the similar results are found from this study as per their socio-economic status and

changes due to engagement in cooperatives activities, so it should be promoted to the rural community as it binds the rural people to achieve common social and economic goal together.

CHAPTER I

1.1 Background of the Study:

Federal Democratic Republic of Nepal is a landlocked country in South Asia from China and India. Nepal is agricultural country lying between two fast growing and economically strong countries India and China which is suffered from many economic problems such as mass poverty, high unemployment, high population growth rate, low per capita income, high dependency on agriculture etc. and these factors are responsible for the slow economic growth rate. The main goal of developing countries like Nepal is to attain high economic growth rate, reduction of poverty and to improve the living standard of the people. Though various institutions are established to uplift the economic development, Cooperative is one of such institutions, which has become suitable and popular business entity for the upliftment of economic development.

1.2 Cooperative Definition, Meaning and Principles:

International Co-operative Alliance (ICA) defines co-operative as “*A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise*” (ICA, 2011).

Similarly, United States Department of Agriculture (USDA) in 1987: *A cooperative is a user-owned, user-controlled business that distributes benefits on the basis of use.*

The International Labor Organization (ILO) regards the cooperative as self-governing association of people united voluntarily to achieve their common socio-economic and cultural necessities and goals through a democratically followed and mutually controlled enterprise.

The ILO believes that cooperatives are important to improve livelihood conditions of people around the world, and to provide essential infrastructure and services, including in areas not supported by the state and by businesses managed by investors. Cooperatives have supported many in creating and maintaining jobs. It is expected that they currently provide at least 279 million jobs contributed to the promotion of decent work and the promotion of sustainable development (ILO).

The term cooperative refers to “an association of persons, usually of limited resources who have voluntarily joined together to achieve a common economic end through the formation of

a democratically controlled business organization, making equitable contributions to the capital required and accepting a fair share of risk and benefits of undertaking” (Njoku, Ugochukwu, & Chendo, 2003). Macpherson (1995), in his book "Cooperative principles for the 21st century" explained the definition, values and principles of cooperatives in brief. The book also explained into the twenty first century: co-operatives yesterday, today and tomorrow. Descriptive methods were used in different sub topics of nineteenth century, 20th century and 21st century in cooperative movement in the world(MacPherson, 1995).

Cooperative is a company that voluntarily belongs to a group of people who use their services to achieve the common goal of economic, social and cultural needs. Some cooperatives sell their members' goods and services. In other cooperatives, farmers or consumers buy directly from suppliers as a group. By reducing costs, these organizations often provide consumers with lower costs and manufacturers with higher profits. Members of a cooperative share equal rights and duties in controlling the organization. They buy or acquire shares in the cooperative by providing the capital required to run the business. Profits are used to improve the business or returned to members. The members meet annually to approve the annual business plan and elect the directors for a specific period of time.

Self- help, mutual assistance and cooperation are the essential components of a cooperative. The cooperative is a way to work together or act together to achieve a common purpose or benefit. Demonstrate the willingness to cooperate with each other by producing or distributing goods and services managed by users to their advantage.

CR Fay defined a cooperative society as "a common trading company born of the weak and always led by a selfless spirit, so that all those who are ready to take on the obligations of belonging can share their benefits." ILO ", the cooperative society, is an association of people of different numbers who have the same economic difficulties.

Cooperatives are based on the values of self-help, mutual assistance, personal responsibility, democracy, equality, equity and solidarity for sustainable development under the common umbrella. The founders and members of cooperative have tradition to believe in the ethical values of honesty, openness, social responsibility and care for others.

Cooperatives have been successful in a number of sectors, such as the processing and marketing of agricultural products; purchase and delivery of various types of equipment,

instruments and raw materials, wholesale/ retail trade, industries, loans and banking. Revenues from retail cooperatives are typically returned as dividends to consumers / members based on the amount purchased or sold over a period of time, which is considered as patronage bonus. The cooperative is therefore a trading company owned by its members, which in the case of cooperatives may be customers in the retail or production company employees, in the case of agricultural or dairy cooperatives.

1.2.1 Principles of Co-operation

Co-operative Principles have been formulated and updated by ICA from time to time after its establishment in 1895 based on the founding principles of Rochdale pioneers and on the experiences of partners in different countries. A committee set up by ICA in 1937 formulated the following revised principles for the first "Rochdale Principles" of cooperation. They are:

- (a) Open and Voluntary Membership;
- (b) Democratically Controlled Management;
- (c) Limited Interest on Capital;
- (d) Distribution of Surplus to Members in proportion to their transactions;
- (e) Political and Religious Neutrality;
- (f) Cash Trading;
- (g) Promotion of Education;
- (h) Mutuality

Above principles were formulated considering consumer co-operatives point of view. As a result of changing socio-economic environments in the world, ICA Congress held in Bournemouth in 1963, allotted a Commission in the leadership of Dr DG Karve from India to formulate the fundamental principles of cooperation in an integrated way. Thus in 1966, Commission updated the principles as per development of cooperatives characteristics and is adopted by ICA World Congress in 1967. They are:

- (a) Membership of the Co-operative should be open and voluntary;
- (b) Every member should have one vote, regardless of his/her contribution of equity capital or usage in the co-operative services;

- (c) Surplus should be deployed to members in the proportion to usage;
- (d) Members' capital deployed in the co-operative should be paid fixed limited interest;
- (e) A co-operative should co-operate with other co-operatives;
- (f) A co-operative should actively propagate co-operative values of democracy, equality, and voluntarism through education and training.

Nearly, all current cooperatives work according to the seven principles adopted by the International Cooperative Alliance in 1995. Over time, the debate over the exercise and revision of cooperative principles has also been in consideration. The ICA set up a committee of experts to thoroughly examine and present the revised proposed principles. 'Statement of Co-operative Identity' was brought into light by the expert committee with seven Principles of Cooperation, which were adopted in 1995, at Manchester World Congress of ICA. They are:

- (a) Voluntary and Open Membership;
- (b) Democratic Member Control,
- (c) Member Economic Participation,
- (d) Autonomy and Independence,
- (e) Education, Training and Information,
- (f) Co-operation among Co-operatives,
- (g) Concern for Community

1.3 Types of Co-operatives:

Co-operative enterprises can be divided approximately into consumers and producers co-operatives based on human activities, goal setting and their socio-economic and cultural values. However, Co-operatives are largely of different forms based on their business activities and of homogeneity of the members. They can be designated as Financial Services Co-operatives (Savings and Credit, Banking and Insurance/Mutual), Milk Producers/Dairies, Livestock, Agricultural, Food and Food Processing, Multipurpose, Horticultural, Plantation,

Forest Users, Tea and Coffee, Sugar, Rubber and Coconut, Fisheries, Workers, Service Provider, Youth, Renewable Energy, Tribal and backward Community, Women, Health, Housing, Tourism, Transport, Wholesale/Retail Trade, Industrial, and Press and News Papers etc. Some of them are described below:

1.3.1 Consumers Co-operatives

Consumer cooperatives are cooperatives organized by consumers / workers themselves in their favor. Consumer cooperatives were originally founded and founded in the United Kingdom during the Industrial Revolution. The great leaders of the labor movement were Robert Owen and the Rochdale pioneers who made an important contribution to the history of the modern cooperative movement. British Co-operative Whole Sale Society or Co-operative Retail Society presently, 'The Co-operative Group' is considered as the oldest and largest consumer co-operative in the world. The Rochdale Pioneers Co-operative enterprise regarded as idealism and good business judgment provided democracy in industry, where one vote was casted by each individual irrespective of the amount of their investment and goods supplied to members at current retail prices. However, the profit was given back to the members in proportion to their patronage. The services were more the cause of the business than the benefits. In recent years, the Rochdale Consumer Collaboration method has spread to all countries in the world. An organization was created to save money for its members through direct trading. This eliminated the intermediary's profits or the costs of the financial institutions.

1.3.2 Producers Co-operatives:

Producers' co-operatives are mostly based on small scale production systems like agricultural and handicraft types, organized by farmers/artisans themselves for their benefit. In producers' co-operatives, farmers or agricultural workers or artisans collectively produce the goods and services and sell directly to the consumers if possible or indirectly through consumers' co-operative to the ultimate users. Producers' co-operative movement was firstly started in France and Germany, during 18th century and gained popularity world widely after its succession. Farmers in France organized co-operative farming in crops, Grapes, and Wine making from agriculture produce, while in late 18th century, Dairy co-operatives of Denmark expanded

largely in professional and highly mechanized manner. In south Asia also, majority of the producers' co-operatives are based on Agricultural, Handicraft and related types.

1.3.3 Multipurpose Cooperative

The multipurpose cooperatives are very much growing cooperative types mostly in rural and peri urban areas of Nepal. Generally these cooperatives are involved in various functioning such as saving and credit activities, running small consumer store, collecting members' production, processing of agriculture as well as other small scale goods and deliver services and selling them to the market. They are also involved in purchasing business of farm inputs like chemical fertilizers, chemical pesticides and farm equipments as well as supply the agriculture produce to market through establishment of small retail shop directly to consumers. Multipurpose Cooperatives generally focuses on overall socio-economic development of its members and stakeholders and concentrating all sector related to it through involvement in various type of business. Though multi-purpose cooperatives can perform any types of business, it is suggested that the activities should provide self-employment and income generation on the group of member.

1.3.4 Co-operative Banking

Herman Schulze Dekitzsch, (1808-1883) considered the idea of cooperative banking and put into practice in 1849 in Elienburg, Prussia (now Germany). The result of his efforts to rescue a number of carpenters and shoemakers from usury and to obtain money for them at fair terms for their joint and several liabilities of buying the raw materials needed in their trades it grew out successfully. The success of this venture led to development of various plans for people's bank and credit societies, based on cooperation for encouraging prudence in their neighborhoods and for extending financial assistance to their members for production or provident purposes under the same umbrella of cooperative banking. The Co-operative Credit Movement, with it's in various forms and modifications has now spread nearly all over the world. Therefore, Germany is considered as the birthplace of co-operative credit, in the form of the Schulze Delitzsch "People's Banks" and Raiffeisen associations, both types being named for their originators, Herman Schulze Delitzsch (1808-1883) and Fredrich Weillhelm Raiffeisen (1818-1888). The previous association put the owners' interest first, the latter the

interests of the borrowers. From Germany, the principle of credit extended to other countries with some modifications in form and method as per need and socio-economic and cultural values. Outside Germany, the co-operative credit movement has developed particularly, in economically backward countries such as China, India, Indonesia, Korea, and Sri Lanka and also in USA and Canada etc, where most of the people were very poor and pressed by debt.

1.4 Co-operative Development in Nepal:

The study of evolution of National and International Cooperative reveals that Willam King and Robert Woven were the first promoters of cooperative society in England. 'Rochdale Friendly Co-operative Society' was established in 1830 in England. For the development of Cooperative, 60 workers of garments industry were involved continuing since 1830 to 1844(Zeuli, Cropp, & Schaars, 2002). It was the oldest cooperative in the world. In the context of Nepal, establishment of Cooperative Department under the Planning Development and Agriculture Ministry in 1953(2010 B.S.) was the initiation in the evolution of cooperative in Nepal(Badal et al., 2004). The historical data and the trend of changes in cooperative Movement in Nepal declares that it needs overall revitalization, strength, and honest leadership with value based professional management to capitalize the interests of cooperative enterprises and manage them for success in large scale. Government's support in line of promotion or facilitation with equity participation but not control is crucial for Nepalese cooperatives that then later become sustainable in economic and business sense (Neupane, 2018).

According to Jha and Jha (2000), Co-operatives are the best and the most suitable member based voluntary agencies, they improve the conditions of the weak and backward persons who can deliver services to the members. NGO sector may not recognize this by simply saying, "Co-operatives do work with profit motive". Similarly, people in the voluntary agencies also say that cooperatives are not voluntary agencies in spirit and practice because they work with profit motive. This perception about co-operative is not true. The first principle of co-operative states that co-operatives are voluntary institutions organized not for economic profit only but for fulfilling the social and cultural needs of its members who are weak and achieve their needs on their own. Therefore, co-operatives are not only profit oriented organizations but also service to members first in need because its members contribute their time and energy on voluntary basis for others(Jha & Jha, 2000).

Bashyal (2009), in her article "Rural Development Through Cooperative: Key examples of South Asia" explains that rural poverty in these countries still remain as a big challenge mainly because of low and stagnant agricultural productivity, lack of rural infrastructure and limited alternative income generating activities for the majority of the rural workforce. The development of rural economy, which covers agriculture, industry, forest, animal husbandry, etc., is most essential for the overall development of a country. Rural development assumes much greater significance in the SAARC countries' context as 75 percent of the population live in the rural area and nearly 80 percent of the rural population live below the poverty line. She applied secondary data and submitted the example, UK of Europe and India, Sri Lanka and Nepal of SAARC. She concluded that 49 cooperative is the most important factor for rural development and poverty reduction in the era of developing countries (Bashyal, 2009).

Acharya (2007) conducted a research on rural agriculture cooperative societies in Nepal: performance and member participation and explains about vital role of agriculture cooperatives playing in the socio-economic development of the poor and marginal farmers. In the history of cooperative development in Nepal, agriculture cooperatives dominate in number and activities. However, most of the agricultural cooperatives are running as traditional cooperatives and lack enterprise skills and development. The study made lacking to the relationship between reduction of poverty and cooperative development in Nepal (Acharya, 2007).

Dharia (2001), emphasize on the importance of co-operative ideas for the growth of an agro-based rural economy in whole of south Asia. Credit co-operatives and cooperatives banks have been instrumental in breaking the shackles of the feudal moneylenders in the country. The movement has considerably succeeded in rendering social justice along with the growth in equality that has disclosed a new direction in the farmers' economy. But the study could not attain the position defined of the credit cooperative society for increasing farmers' economic status (Dharia, 2001)

Cooperatives are very important tools for economic, social, cultural and human progress in developing countries such as Nepal. If society does not improve economically, many problems can be preserved. The solution is only possible if agricultural development and general economic development by cooperatives improvement. Cooperative institutions have not only

responded to the economic needs of their members, but also played an important role in the social development of their members and the human community in general (Prakash, 1994).

Even though there is presence of great opportunities for higher growth rate through development of potential sector of the economy including agriculture, tourism, forestry mines and human resources in Nepalese economy, it has been unendingly bearing the challenges of low economic growth rate. Economic growth rate remained low in the current fiscal year as a result of political instability and lack of strong laws for acting and system development as per new constituents. Similarly, per capita income has also dropped owing to modest economic growth and as a consequence, this index mayn't support the country to achieve its target of graduation from the status of least developed country to developing country by 2022. Till now, it is considered as transition phase for implementation of New Constituents and government of Nepal is focusing to implement constitutional laws in all level. Proper implementation of Constitution, if delayed from now, would render adverse impact to the investment environment.

1.5 Issues and Challenges:

Cooperatives are very important instruments for economic, social, cultural and human advancement in developing countries like Nepal. Unless the society becomes economically better, many problems may remain intact. The solution is possible only when the agricultural development and overall economic development is enhanced through cooperatives. Cooperative societies are people's organizations which are formed by the members (voluntarily), owned by them (by purchasing shares and on payment of prescribed admission fees), and run by them (democratically and in accordance with the Principles of Cooperation), to satisfy their social and economic needs (through active participation and mutual help). Cooperative institutions have not only met the economic needs of their members but have also played a significant part in the social development of their members and the human community in general (Prakash, 1994).

Poverty is the main problem of rural and urban areas of developing countries like Nepal. Nepal is an agricultural country; most of the people live in rural areas. Poverty is mostly centered in rural areas of Nepal due to low production of agriculture, the limited infrastructure and

inadequate growth rate of nonagricultural sector in the economy. Poverty seems to be increasing substantially. Although poverty in Nepal is basically a rural phenomenon; it has also affected urban areas. Major causes of wide spread poverty in the country are increasing unemployment and under-employment. At the present time the growth rate of agriculture sector is unable to contribute to economic development by creating employment and lessening poverty. At present, cooperatives have played significant role for economic development, where marginalized and small saving groups collect small amount of money and mobilize the collected money to gain profit and distribute the profit amount to the shareholders through the co-operatives own policies, rules and systems to manage and mobilize the collected fund among the shareholders and necessary outsiders, too (Pyakuryal, 2004). Co-operatives have created great employment opportunity in rural areas. Co-operatives can help reduce the risks to whole communities through connecting them up to wider markets and diversifying sources of income by providing short-term credit and a safe place for saving. They can help their members ride out seasonal shocks such as harvest failures or falls in the market prices. Co-operative society plays an important role for overall development of the country through agricultural development and promotions of small business enterprises. The development of Nepal depends upon the development of the agriculture and small business enterprises. The development of agriculture and small business enterprises can be enjoyed by giving different facilities to the farmers and entrepreneurs through cooperatives. It can reduce the population pressure on agriculture diverting the population towards the cottage industries and giving incentives to the farmers to establish such industries providing appropriate financial and technical assistance (Neupane, 2018). Government has declared cooperative as one of the three pillars of Nepalese economy and interim constitution has focused on same, but practically, implementation as per the declaration is weak and the speed of development need to be accelerated but yet it is not done. Even though governmental agencies, international institutions, Non-Governmental Organizations, and other stakeholders have put some effort into the cooperative movement in Nepal, the results are far from satisfactory. The reasons behind the unsatisfactory development of cooperatives in Nepal could possibly be the following;

- I. Most profitable cooperatives are urban-based, and except for finance, credit, and dairy cooperatives, the rural sector has not felt the presence of the cooperative movement in the country.
- II. Cooperative movements have to strive for the inclusion of women, dalits, poor people, and other oppressed classes of society. Lack of inclusion of every sector for the cooperative movement is a cause for its unsuccessfulness.
- III. Lack of clarity about mission, national vision and adequate monitoring on the part of government with respect to cooperative movement
- IV. Lack of managerial skills and professionalism, sound planning and implementation
- V. Lack of working capital, appropriate research, extension and education about cooperative movement
- VI. Lack of technological support and development
- VII. Lack of creditability.

1.6 Statement of the problem:

Cooperative is the essential movement in Nepalese society and it is being a convenient tool to fight against the poverty, low income and unemployment. This movement suggests that “Millions Minds have Millions Ideas of Solutions to a single Problem and Each One and Teach One”. Though, Cooperative movement was started since 1953 in democratic Nepal and still continuing, it couldn't touch the fringe of population and almost, remained only to a fuel well established points in the country (Gautam, 2068). More than half of the total population of Nepal is women. Without their contribution national development cannot be uplifted. The contribution of the women in households and agriculture is more than men in most of the world (Crawford, 2011; Getnet & Anullo, 2012). But their contribution is not accounted in the economy so that their participation in decision making is very low. Due to this women's role in socio-economic development has not been properly recognized as per their contributions for rural and national development. Globally, women are considered as the traditional produces and manager of the domestic and subsistence sector in most of the world and the trend is very high in developing countries like Nepal. Nowadays, in developing countries like Nepal, the issue of women empowerment is being like the bread and butter for some institutions. Different strategies have been taken for past few years regarding the empowerment of poor including

the women but programme and strategies assessment of such institutional initiatives have been lacked. Women risks were dealt with differently depending on a person's age, marital status, income level, and geographic location (i.e. proximity to medical facilities). In past, women were borrowing money from the village lender, selling assets or borrowing from the cooperatives and informal savings groups. The majority of women in rural areas are still left out of institutional microfinance services. Such programmes have only limited impact in terms of increasing the outreach of co-operatives and microfinance to the women. Rural women of Nepal, living in mountains, hills and interior areas of the Terai have no access to institutional microfinance services. However, in some peri-urban areas of Nepal, women have get some access to local co-operatives for their fulfillment of daily bases economic scarce. At this situation of peri-urban areas, co-operative should work for these people by involving them in demand based income generating activities through skill and capacity development for their socio-economic empowerment and sustainable development.

1.7 Rationale of the Study

Cooperatives are the most important aspect of the agricultural development as well as the Rural Development. So we can say that Cooperative can play the vital role for providing credit to not only the farmers but all the other income generating people for socio-economic empowerment in rural areas. Nepal is an agricultural country and livestock farming is one of the component of agriculture. This study is basically concerned with the role of Cooperatives in IGAs of rural people and women of Haripur, Municipality along with its impact on rural development in Haripur, Municipality, Sarlahi. To get this knowledge of cooperative role in income generation and rural development of people living in this area, the analysis of socio-economic status of the rural people engaged in cooperative activities and changes after association with cooperatives must be studied. It has covered all ward of Haripur, Municipality. It was a primary study by which the researcher would like to conclude that cooperatives are the combater for Nepal's rural underdevelopment. That is why, this problem is selected.

1.8 Objective of the Study:

The overall objective is to examine the role of Cooperative in income generating activities in rural development in Haripur Municipality, Sarlahi.

The specific objectives of the study are as follows:

- To find out the contribution of co-operatives in local employment generation in Haripur, Municipality of Sarlahi, district.
- To analyze the socio-economic impact of Cooperative by accessing credit for Rural Development.
- To evaluate the role of co-operatives in women economic empowerment in Haripur, Municipality, Sarlahi.

1.9 Limitations of the study:

This study is concerned only to the activities of cooperatives working in Haripur Municipality, Sarlahi areas. It is the case study of cooperatives inside this Municipality. So that, the result may not present entire activities of cooperative in Nepal. Therefore, some limitations of the study are as follows:

- i. The study has been limited in Haripur Municipality areas.
- ii. Only the members of cooperatives having citizenship inside this Municipality areas have been included in the study.
- iii. Since the outcome is specific one, it may not be generalized.
- iv. Time and resource create constraints.

CHAPTER II

REVIEW OF LITERATURE

2.1 International Perspectives

The term cooperative states as “an association of persons, usually of limited resources who have voluntarily joined together to achieve a common economic end through the formation of a democratically controlled business organization, making equitable contributions to the capital required and accepting a fair share of risk and benefits of undertaking” (Njoku, Ugochukwu, & Chendo, 2003). Macpherson (1995), in his book "Cooperative principles for the 21st century" explained the definition, values and principles of cooperatives in brief. The book also explained into the twenty first century: co-operatives yesterday, today and tomorrow. Descriptive methods were used in different sub topics of nineteenth century, 20th century and 21st century in cooperative movement in the world(MacPherson, 1995)

Cobia (1989), specified that cooperative is a business entity owned and controlled by user and that distributes benefits on the basis of use. As per patronage proportionality- “a cooperative is a private business organization and joined by all the members to fulfill their mutual economic needs as patron of the business with the key control, ownership and income distribution decision should be taken on the basis of patronage proportions; namely member voting, equity capital investment by patrons and distribution of net income to patrons are proportional to use of the cooperative”. The terminology patronage proportionality is used to describe cooperative and other firms differs widely in the sense that cooperative are also commonly known as non-profit organization or corporation or patron owned corporation governed by the users. The distinction between cooperative and other businesses entity is that cooperative returns its net income to the users or the patrons while other business firms returns its net income to the users/ investors or to invest in various sectors that helps to maximize their profit in future.

Philips (1960) wanted to examine the development of the cooperative in England to the essence of the cooperative method. The study found that the cooperative society is a society founded and operated by a democratic association and indirectly intended to serve the same members and the community in general. So, it has been extensively accepted that development of sound credit system greatly influences economic activities of country and for this, cooperative society plays a vital role (Philips, 1960).

Braveman, Luis, Happi and Pohlmejer (1991) had jointly studied rural cooperatives regarding cooperative responsibilities and government intervention and concluded that in many cases cooperatives would not be in a position to accept immediately the responsibilities so far handled by government officials. This study suggested for significant efforts should be taken in order to strength of cooperatives and sometimes it even creates the necessary cooperative structure.

Zeuli & Cropp (1995) has concluded that cooperative model has been adopted to various businesses entity. United States Department of Agriculture (USDA), defines “cooperative is a user-owned, user-controlled business organization that distributes benefits or net income on the basis of user”. This definition focuses on the three primary cooperative principles i.e user ownership, user control and proportional distribution of benefit. The “user owner” principle implies for the people who use the cooperative, help finance to the cooperative and therefore, own the cooperative and members of cooperative are responsible for providing at least some of the cooperatives capital. The “user control” concept describes about the member of the cooperative governing the business directly by voting on significant and long term business decisions and indirectly through their representatives on the board of directors. Equitable voting right or democratic controls are assurance of cooperatives. The “Distribution of benefit on the basis of use” described the principle of proportionality put emphasis on share the benefits among the members, costs and risk of doing business in equal proportion and that is one of key foundations of cooperatives.

Dogarawa (2005) has elucidated that cooperatives represent a strong, vibrant and viable economic alternatives even in that condition when many people feel powerless to change their lives. Cooperative are established to meet people’s mutual needs and interest based on the powerful idea that together a group of people can achieve goals that none of them could achieve alone. For over, 160 years now, cooperatives have been considered as an effective way for people to exert control over their economic livelihoods. They provide a unique tool for achieving one or more economic goals in highly competitive global economy. Cooperatives are being considered useful mechanism to manage risk for member in agricultural or other similar cooperatives, through helping salary earners to save for the future through a soft-felt monthly contribution that is deducted from source. Cooperative helps to own what might be difficult for individuals by their efforts, strengthen the communities in which they operate through job provision and payment of local taxes. Cooperatives

generally provide an economic boost for a community and cooperative societies are thought to be associations meant for farmers, small traders and other very low-income earners.

In early stage, co-operatives were established to provide relief and support to rural people in agricultural inputs and credit (Reddy, 1996). Many successful co-operatives, particularly in the dairy sector, sugar, agricultural marketing, fertilizer industry and savings and credit sectors are contributing much effectively to the national economy in many developing countries. In India especially in Maharashtra and Gujarat, the co-operative movement has been emerged as a model for several states because of huge involvement of the people in the initiation of great social reformers, co-operators and political leaders e.g., there are hundreds of co-operative sugar factories in Maharashtra with a million plus farmer membership and about 95% of them own only five or less than five acres of land giving high profits to them. These co-operative sugar factories have invested into hospitals and colleges and constructed rural roads and contributed a lot in the economy. Similarly, dairy co-operatives in Gujarat are supplying milk products to all over India and raising socio-economic status of milk farmers with high level of income and contributing to national economy.

Werner et.al. (1998) in their study suggested about the characteristics of a successful future of co-operative society through following points viz; successful member promotion, business with non-members, capital structure, good leadership, active participation of members, meeting of delegates and avoidance of disintegration, active supervisory committee and honorary/voluntary office-bearers, which will ensure the success of any co-operative society.

Nielsen (2001) in his paper emphasized on the progress achieved by Danish Co-operative with its history of 120 years, especially after rise from agricultural Dairy Co-operatives until the processing and marketing of agricultural produce. The co-operatives in Denmark cover almost all agriculture production in the country and produce 3 times higher than required for 5 million populations among which two third of this production is exported. They were established through a bottom-up approach and have no co-operative law from the parliament in Denmark but co-operatives have their own by-laws as members confirmed them. The by-laws set up for cooperative regulate the members' influence, their rights and obligations. The members decide the quantity to be produced and the co-operative has the obligation to receive the quantity for processing and marketing of agriculture produce. Moreover, the members have the obligation to deliver their total production

to the concerned co-operatives and that becomes the reason behind the strength of the Danish Co-operatives.

Develtere, & Pollet (2008) described about multifold impact of cooperative on employment and income generation by i) offering wage employment to people working within the co-operative and providing its members with a decent self-employment income, ii) by increasing income-generation through negotiating better prices to improve members' profit margins, and iii) by providing members with loans for the creation of further employment and income-generation, leading to spill over on non-members of the co-operative creating positive impact on them. However, Pollet (2009) based on a survey conducted in nine African countries states that, data on the direct employment created and/or represented by cooperatives were inadequate, which made it difficult to determine the macroeconomic implications of the co-operative movement and may arise question about the positive impact of cooperatives for their immediate members.

Larocque (2002) in his study found that the total household income for cooperative member was 2.9 times higher than the poverty line. Ramotra and Kanase (2009) examined the impact of cooperatives on members' standard of living with the aid of interviews among cooperative members located in twelve villages in India by using sixteen variables for the standard of living criteria such as household income, female literacy, educational attainment, land ownership and condition of toilet facilities. The study reported about positive correlation ($r=0.71$) between income and household condition which signify positive changes among members after the establishment of cooperatives. Per capital income of the members is on the increase, and cooperatives bring improvement into toilet facilities in members' houses as per their report. But the findings at each village were scantily reported individually and were not consolidated in the study. As such, the researchers were incapable of describing about particular outcome and conclusion of the study at the village or community level.

Mirsepassi (2001) in his article 'Developing a Social Capital, Through Co-operative Impulse; a Conceptual Framework' insists that co-operatives work for higher social capital than the private organization and justify its importance in these sectors.

With regard to the development of social capital, the state-controlled economy and the market economy are not only on the opposite side of the two ends of a horseshoe, but they are also very close to each other, on the other hand can provide both capital and capital as well as operational

organizations. Therefore, the social capital and social justice is required more effectively through successive co-operative sector rather than private and government controlled public sectors.

Kamesam (2001), explained in his paper 'Credit Through Co-operative; some Thoughts' claimed that in India, the credit through co-operative system covers over 72% of rural credit outlets. It has a market share of about 46% of total rural credit throughout the country. Over the years, the long-term co-operative credit structures have grown enormously with changes foreseen in its role from time to time. The Indian financial system, over the years has undergone a remarkable transformation and now encompasses an impressive network of financial institutions, markets and a wide range of financial instruments. The co-operative credit structure has also grown to massive proportions through institutionalization of savings with wide geographical and functional coverage of institutional credit as its counterpart and have been central to Reserve Bank of India's credit planning of all these years. Indeed, the Reserve Bank of India, over the years has put its faith in the co-operative credit agencies of bearing the major share in the task of widening institutional agricultural credit in the country economy.

Neupane (2018), suggest that co-operative development strategy and future direction should be based on the strengths of co-operatives for sustainable economic development. The successful future of a co-operative society is based on its regulatory actions that lies in the following points: member promotion; business with members including non-members of the area; capital structure; good and honest co-operative leadership and member participation. They have given emphasis on frequent meeting of representatives; avoidance of disintegration; voluntary supervisory committee and honorary office-bearers; merger and amalgamation depending on the situation; integrated co-operative systems and role of federation must be clear. While, benchmarking the importance and demarcation of Co-operative corridor should also be there (Neupane, 2018).

Osti (2012) has described that sustainable agricultural cooperative diversify their activities that includes water management, tourism, production of quality regional foods and organic farming. They respond to mitigate the crisis of high-tech agriculture and environment regulation in the Netherlands for their sustainable development based mutual cooperation with public and government sectors. In Italy, "social cooperatives" provide maintenance of public green spaces, urban waste collection, urban sanitation, installation of solar panels and waste prevention and reuse for sustainable socio-economic and cultural development.

2.2 National Perspectives

Federal Democratic Republic of Nepal is a landlocked country in South Asia by China from the north and India from south, east and west. Nepal is considered as agricultural based country lying between two fast growing and economically strong countries India and China where 65% of people are dependent on agriculture. Nepal is suffered from many economic problems such as mass poverty, high unemployment, high population growth rate, low per capita income, income inequality, high dependency on agriculture, high dependency on Indian economy etc. that are responsible for the slow economic growth rate. The main goal of developing countries like Nepal is to attain high economic growth rate, reduction of income inequality and poverty and to improve the living standard of the people for sustainable development which becomes main challenges in context of global competitiveness. Though various institutions are established to uplift the economic development, Cooperative is one of such institutions, which has become suitable and popular business entity for the upliftment of economic development for rural and urban socio-economic and cultural development.

MoF (2017/18) stated that Nepalese economy is estimated to expand by 5.9 percent in the current FY 2017/18. It was 7.4 percent in FY 2016/17. In the current FY, the growth of overall agriculture production is estimated to limit within 2.8 percent mainly because of the paddy production, the major contributor having the share of 20.8 percent of total agriculture production, decreased by 1.5 percent due to unfavorable monsoon and floods in Terai. Due to the improvement in trade and service sector, non-agricultural sector is estimated to expand by 7.1 percent in FY 2017/18. Overall economic activities are oriented towards positive directions as a result of conducive environment in investment due to stable government formed after the election of three tiers of government.

2.3 Status of Cooperatives in Nepal

Nepal has a long cultural tradition of savings and credit associations popularly known as dhikuti, and grain savings and labor savings systems known as parma and dharma bhakari that can be considered as informal community based co-operatives. Where, Guthi provided a forum to work together for smoothly running different socio cultural practices. Many of these traditional systems of cooperation are still functioning in the rural areas of Nepal based on mutual socio-cultural understandings.

The first Co-operative Act was enacted by the government in 1960, which was followed by the Agricultural Co-operative Act (Sajha Sahakari). In 1963, the capital of savings and credit

cooperative societies was converted into a Cooperative Bank in 1963, and in 1968 it was also converted into the Agricultural Development Bank of Nepal (ADBN). After 5 years the ADBN returned management back to the government and in 1975 the Cooperative Act was amended again.

Beginning in the 1980s a new generation of community based savings and credit groups began to emerge in Nepal. The Cooperative Act was amended for the third time to give the Government more control. By this time the Savings and Credit movement had spread throughout the country and the need for an apex coordinating body was evident.

After the restoration of the democratic government enacted the Co-operative Act and the Co-operative Regulations. The new Cooperative Act permitted the establishment of a three tiered co-operative system, and provides a legal base both for the establishment of co-operative societies/unions/federations and application of co-operative values, norms and principles into practice. At present, the Department of Co-operatives is working under the Ministry of Agriculture and Co-operatives.

In the context of Nepal, establishment of Cooperative Department under the Planning Development and Agriculture Ministry in 1953(2010 B.S.) was the initiation in the evolution of cooperative in Nepal(Badal et al., 2004). The historical data and the trend of changes in cooperative Movement in Nepal clarifies that it needs overall revitalization, strength, and honest leadership with value based professional management which can capitalize the interests of cooperative enterprises and take them to a road to success in large scale. Government's support in line of promotion or facilitation with equity participation but not control is crucial for Nepalese cooperatives that then later become sustainable in economic and business sense (Neupane, 2018). (Bhattarai, 2010) raised up the major problems faced by Nepalese cooperatives due to political interference of the state, lack of specific policy, unscientific planning, lack of awareness of people toward cooperative unable to withstand competition with other banks and financial institutions, supervisory and regulatory acts leading to problems for its successive run and sustainability. The study recommended articulating flexible acts and policies and providing skill development training by improving regular supervision and evaluation system so that anyone can enjoy with the service of cooperative.

Sharma (2009) after study the impact of dairy cooperative, has concluded that cooperative plays crucial role for the enhancement of the socio economic condition of the people. Firstly, fostering feeling among rural farmers, secondly, providing marketing facilities to rural milk producers and thirdly, providing saving and credit facilities to the rural poor farmer. Dairy cooperatives have made the farmers to unite themselves in groups and they have feeling of togetherness for mutual cooperation and economic development. This sector has significant impact on the quality of life for the dairy farmers where number of people has changed their patterns of life as well as their mode of living that are directly or indirectly attached with the dairy sector through cooperative establishment by analyzing their socio-economic status and their awareness level. Through the study, the researcher has found that this dairy farming has lot of potentiality instead of having lot of problems in this sector like-lack of institutional facilities, veterinary facilities, animal health, insurance low price of milk, milk holidays, subsistence level of farming etc. where these problems hinder in development of this sector but these problems have solution. Problems lies in every sector but it should be solved through the involvement of government and private sector by enforcing practically applicable laws and regulations for rural development.

Poudel (2011) has stated that cooperatives provide access to micro finance to rural people, accelerate agricultural production and ultimately empower rural people including women. The access of rural people to financial services will be increased through network development of bank and financial institutions, cooperatives and microcredit institutions. Cooperative will support to achieve the national target of poverty alleviation and millennium development goal (MDGs). Cooperative should be restructured and reformed so that it could play coordinator's role in rural development and women empowerment as it is one of the determinant factors of rural development. Cooperatives could be one of the most effective means of empowering women.

Shrestha (2014) in his article revealed that, problems see in the cooperative were due to cooperative Act, 1992. The problem is aggravating as the act has not been amended as per the changed context. A high level commission formed last year by the government had found 130 saving and credit cooperatives are in troubled state. They had total liabilities amounting to Rs. 10 billion- Rs. 7.6 billion deposits and Rs. 2.4 billion in interest amount. Thought cooperative have been doing remarkable works toward alleviating poverty and making contribution to the national economy, wrongdoing of some cooperatives is tarnishing the image of entire cooperative sector.

Thakuri (2010) in his book “ An anatomy of cooperative movement in Nepal” explains that cooperative are community organization delineated to support the group business of farmers, workers, artisans, landless, low income group and unemployed or social workers to protect the interest of community people. The study also highlighted cooperative having great prospects for the development of Nepal.

Bhattra (2014) has concluded cooperatives are considered as an engine of economic growth of rural areas of the country. Such an organization plays a vital role for rural development in many developed and developing countries. They have adopted the cooperative system in production, processing, marketing and caring not only the members but also have greater impacts on their communities as a whole through its principles and practices. Therefore, considering the importance of rural organizations, most of the government has mobilized cooperative system for rural development for ending domestic, social and economic crisis situation.

Malla (2014) on his thesis stated that as the member are the only user and supplies of the service of the cooperatives, it is rather unless to drive cooperative without the active participation of the members and mutual understanding is must in each case of participation and implementation. Participation of member is essential for cooperative to smoothly running the activities that leads to results in a stronger sense of “ownership” on the part of member. Economic development of the cooperative is essential requisite for the existence and sustainability. Share capital, reserve fund and total deposits play vital role in the economic development of cooperative organization as well as financial monitoring and analysis system is also essential for maximizing the profit.

Total number of Co-operatives has reached 34,512 by the end of FY 2017/18. During the period, the number of shareholders of Co-operatives has reached 6.45 million and share capital of Rs.76.9 billion. By first eight months of the FY 2017/18, the saving equivalent to Rs. 311.23 billion has been mobilized in Co-operative sectors while the sum of credit amount has reached Rs.276.45 billion. By the end of previous fiscal year, the mobilization of saving had reached Rs. 302.16 billion and investment of loan stood at Rs. 273.71 billion. Total number of employment has reached 61,122 in Co-operative sector by the first eight months of the FY 2017/18. A number of Co-operatives, established under the Co-operatives Act, 2017 and licensed by (Nepal Rastra Bank) NRB to carry out limited banking transactions, are doing so in line with NRB issued guidelines. By mid-March 2018, the total number of such Cooperatives is 14. By mid-March 2018, total

asset/liabilities of these Co-operatives has stood at Rs.34.40 billion, the deposit at Rs.25.39 billion and credit at Rs. 24.47 billion (MoF, 2018).

Ministry of Finance (MoF) Nepal, in its publication of Economic Survey of FY(2016/17) stated that the dynamism of the cooperative sector, which stands as one of the three-pillars of economic policy that the Constitution of Nepal has embraced, needs to be accelerated. Cooperatives of various levels have contributed in capacity enhancement, good-governance, and promotion of business activities of overall cooperatives sector. Cooperatives are engaged in the production, processing and marketing of high value agricultural products such as tea, coffee, cardamom, ginger, vegetables and fruits, honey, sugarcane, tangerine, herbs and service oriented cooperative businesses inter alia health, transportation, housing, insurance, tourism and communication. Thus, the cooperative business has been developed as a sector that is able to contribute in the equitable distribution of economic prosperity and achievements of its poor members (MoF, 2017).

While looking at the nature of cooperative institutions established by the first eight months of the current FY 2016/17, saving and credit cooperative stands first by its number with 40.5 percent followed by agriculture related cooperative with 30.3 percent. Likewise, cooperatives working in finance and production sector constitute 12 percent, multipurpose cooperative stands at 12 percent while consumer cooperative institution stands last by its number in the total number of cooperatives. The task of making information system of cooperative institution is pushed forward with due consideration. There has been growing attraction of most of the sectors towards cooperative institution since it is self-governed organization and contributes heavily to community development initiatives in steady and regular manner (MoF, 2017).

2.4 Research Gap

All the researchers above concluded that Cooperative institutions are an important instrument for rural development. The economic development of developed countries like Canada, china, Germany, United States, Norway etc. has been immensely changed through the cooperatives. It is also observed that cooperative plays a vital role in Nepal to uplift the living standard of people. However, progressive of cooperative have not yet achieved in Nepal because of lack of raising awareness and empowerment program, lack of timely amendments and improvisation in the related Acts and Rules, lack of self-regulation, absence of clear cooperative governance, maximum investments in real estate business, performance against the spirit of cooperative, absence of

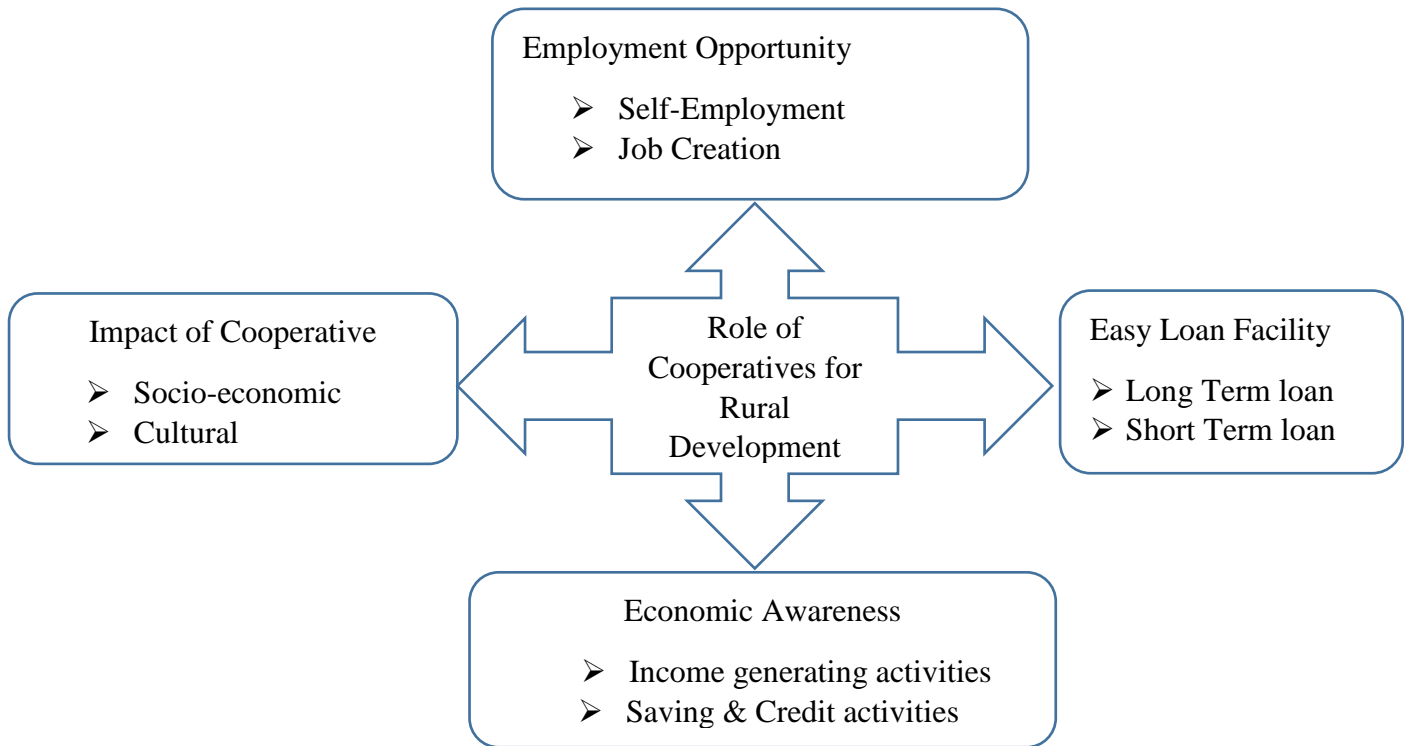
financial discipline, lack of coordination, lack of decision making etc. It is only because these institutions can be helpful for solving the problems of the farmers regarding for the rural development. Having failed in its attempts to promote rural credit Cooperatives along the lines of Nepalese movement having met with plenty of difficulties and having incurred having losses in direct lending to small farmers, the Nepalese government should give a combination of the two schemes with self-help and government guidance and great assistance put together. These reasons are responsible in creating the problematic situation in such cooperatives. Most of the cooperatives expand their credit facilities to its members by crossing their credit limits and invest the less amount of income. Hence, there is an urgent need to pay attention towards improving institutional, structural, legal and regulatory aspect in order to address the problems seen in cooperatives. It is hope that Cooperatives will get emerge in the Nepalese as a dominant factor in the solution of many problem including credit. Land reform and supervised credit are now being instituted. The immediate concern is to effect within the shortest time possible improvement in the income and living conditions of the rural population. The present administrative system of Cooperative institution has been set up mainly in village and district level. Therefore, Cooperative institutions in central level should be organized. All the researchers emphasized that Cooperatives should be equipped with all necessary aspects i.e. technical assistance, supplying of inputs, supply of credit and marketing should be included.

The present study has been prepared to ascertain the effectiveness of the cooperatives in Haripur Municipality, Sarlahi district. Till now, nobody has get done this study at the selected areas. Hence, this study has been attempted in which the available literature is of a great help.

2.5 Conceptual Framework

This study was related to evaluate the role of cooperatives in income generating activities for rural development in Haripur Municipality of Sarlahi district. The role were drawing on the basis of employment opportunity, easy loan facility, social service and economic awareness of the members of cooperatives in Haripur Municipality. Therefore the researcher used the following conceptual understanding for the study.

Fig1: Conceptual Framework



The above conceptual framework shows that cooperative helps in the development of rural area as it provides employment opportunity to the people of rural area through entrepreneurship development and economic empowerment. It may be by creating job or making its members self-employed. It also helps people to take easy loan for different purposes to fulfill their socio-economic and cultural values and to develop saving and credit activities for their economic empowerment. The loan facility provided by the cooperative depends on the policy of the cooperative as long term and short term. There are various impact of cooperative in the field of rural development i.e. economic impact, social impact, cultural impact, environmental impact etc. Removing socio-economic inequalities and introducing progressive change, it brings the economic changes whereas it also changes the behavior, living style, attitude and perception of not only the individual but the community and society also. Cooperative helps people to believe in self-help, mutual understanding, co-operation in every aspect of economy, society. Cooperative helps to familiarize with the value of money and it's saving for future endeavor.

CHAPTER III

RESEARCH METHODOLOGY

The research methodology is the sequential process and the methods used in a systematic study. The methodology includes methods and techniques for data collection and analysis. In other words, the methodology is also defined as the process of completing the study. It describes about the procedures to perform for research work. A systematic research study must follow an appropriate methodology to achieve the predetermined goal.

3.1 Research Design

This study was carried out on the basis of descriptive research design because the study was focused on to investigate the effectiveness of Cooperative credit for rural development taking the advantage activities, their participation and benefit from the credit utilization for the effectiveness work. In this regard, it was an exploratory descriptive research. This study has been linked to historical, analytical and descriptive studies. Depending on the nature and source of the data and information, a qualitative and quantitative technique was used.

3.2 Selection of the study area

Co-operatives established and working in Haripur, Municipality, Sarlahi, district were selected for the study. The study area was focused on the members/shareholders of co-operatives inside the Haripur, Municipality boundry. The study area has been selected on the basis of researcher interest in order to achieve the pre-determined objectives. Haripur, Municipality has been selected due to the following reasons:

- Easy accessibility to the area
- Researcher is better familiar with the area
- No such study has been done so far in the area
- Mobilize within the available limited resources
- It was multi-dimensional due to various ethnic group people with variety of socio-economic condition.

3.3 Nature & Sources of Data

This study has been based on primary and secondary data and information. Primary data was collected through direct interviews with the members of cooperatives, while secondary data has been collected from various published materials by related organization eg. Financial report or annual report of cooperative.

- i. Primary Data:** Primary sources of data were collected from questionnaire, observation and interview with the members and authorized officials of cooperatives. The data collected most especially from primary were analyzed using descriptive statistics and inferential statistics.
- ii. Secondary Data:** Further publications and reports of Cooperative department, publications of Cooperative training center, related journals and publication related to cooperatives acting in Haripur, Municipality were collected to predetermined objectives of this study.

3.4 Sampling Procedure and Sample Size: Co-operatives established and working in Haripur Municipality were taken as sample for this study. The study population were shareholders of the Cooperatives in this Municipality and people within this municipality. Total 50 households' survey were done by using simple random sampling method.

3.5 Data Collection Techniques and Tools:

Household survey with set of questionnaire development was done to collect right information about cooperative role in income generating activities of rural people. Questionnaires in the set of questions devised for the purposes of a survey or statistical study. The questions in the questionnaire were all about the socio-economic status of rural people who are engaged in cooperative activities and the changes in their income due to cooperatives.

3.6 Methods of Data Analysis

The collected data has been processed manually. The information has been edited, coded and tabulated manually. Data and information has been presented in various units and forms on its nature to conduct through analysis on it as per predetermined objectives. A number of mathematical tools such as tabulation, graphical presentation have been employed as analytical tools. The data and information has been presented in table, pie chart, trend line etc.

CHAPTER IV

DATA PRESENTATION AND ANALYSIS

Haripur is a rural municipality in Sarlahi District, a part of Province No. 2 in Nepal. It was formed in 2016 occupying current 9 sections (wards) from previous 9 former VDCs. It occupies an area of 66.86 sq. km with a total population of 47,187 in 7167 households. After formation of Haripur, Municipality in 2073 B.S. (Fig 1a). The male and female population of 22810 and 24377 respectively (Source: www.haripurmun.gov.np).

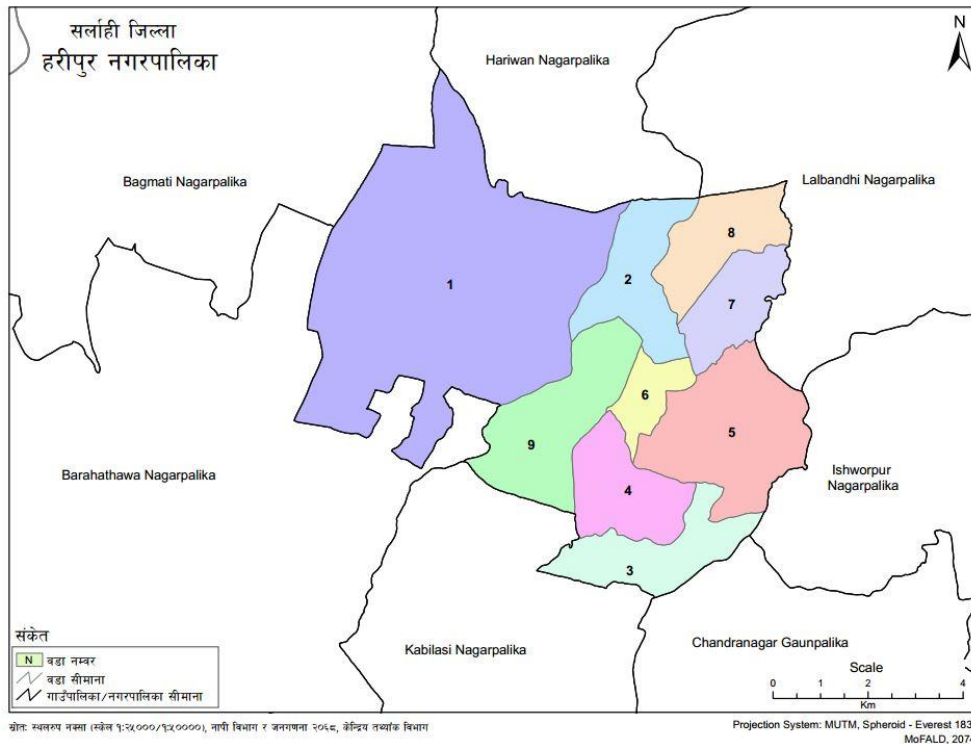


Figure 2. Map of Haripur Municipality, Sarlahi, District

4.1 Status of Cooperatives in Haripur Municipality

There are total 26 cooperatives established and working on different location of this municipality area. Most of them are categorized into Saving and Credit, Agriculture, Dairy, Women, Consumer etc. sectors. Cooperative working in this Haripur Municipality was first recorded in 2053 B.S. Sana Kisan Agriculture Cooperative was the first officially recorded Agriculture Cooperative in Haripur, Municipality. Till now five different categories of cooperatives are running in this Municipality area. They are as follows:

Table 1. Categories of Cooperatives working in Haripur Municipality

Categories	Number
Agriculture	14
Saving and Credit	7
Dairy	2
Women	1
Consumer	2

Source: *Survey 2018*

The number and categories of cooperatives working in different locations of Haripur Municipality indicates that most of the household are dependent on agriculture. Agriculture is their main source of occupation followed by business and other enterprise. The establishment of dairy, women and consumer cooperatives along with agriculture and saving & credit cooperatives shows the changing pattern of cooperative towards other business as well as women community development and concern about consumers perspective through cooperatives.

4.2 Status of Cooperative Members

Fifty cooperative members were selected randomly as sample size to represent the overall status of cooperative members in Haripur, Municipality, Sarlahi district. Considering these fifty samples as hundred percent all these datas were presented to describe different situations of cooperative members in this Municipality. The distribution pattern of cooperative members as respondents in different parameters were as follows:

4.2.1 Sex of Respondents:

The male and female populaiton in cooperative were 60% and 40% respectively as described in the figure 3. The distribution of male and female in cooperatives represented significant involment of women in cooperative activities although it need to improve more in future. Women involvement in cooperative have also represented, their significance in income generating activities and its possible impact in socio-economic development.

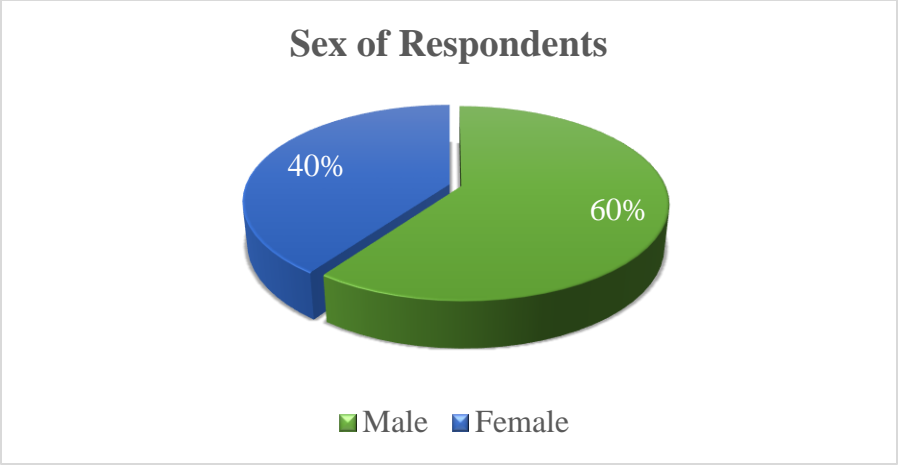


Figure 3. Sex of Respondents

4.2.2 Age of Cooperative members

Regarding the age of respondents, cooperative members age were found between 20 years to above 50 years as actively involved in different cooperatives. These information about age and its distribution were divided into different age groups i.e. 20-30, 30-40, 40-50 and above 50 years of age. Age group between 30-40 years were found the most involved population in cooperative activities for their socio-economic development followed by 20-30 and 40-50 as same value. The age group of members above 50 years were very less.

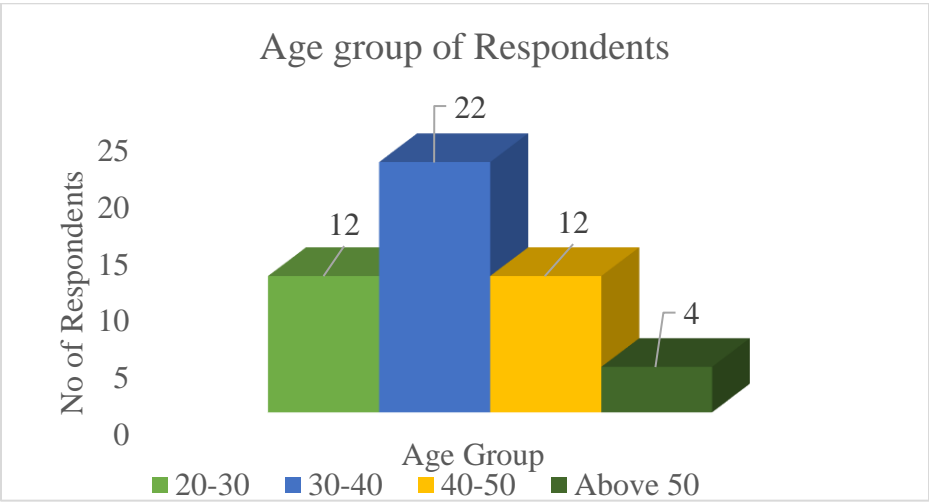


Figure 4. Age group of Respondents

4.2.3 Ethnicity of Respondents:

Ethnic distribution of the respondents have represented about the population distribution in this municipality along with its distribution in cooperatives. It has shown involvement of all ethnic group of people as cooperative members. From this it can be predicted that cooperatives has been working for every ethnic people. The Figure 5 stated people under Adiwashi/ Janajati ethnic group has the highest no followed by Madhesi, Brahmin/Chhetri and Muslim. It has also represented the distribution of ethnic population as per their population in this Municipality.

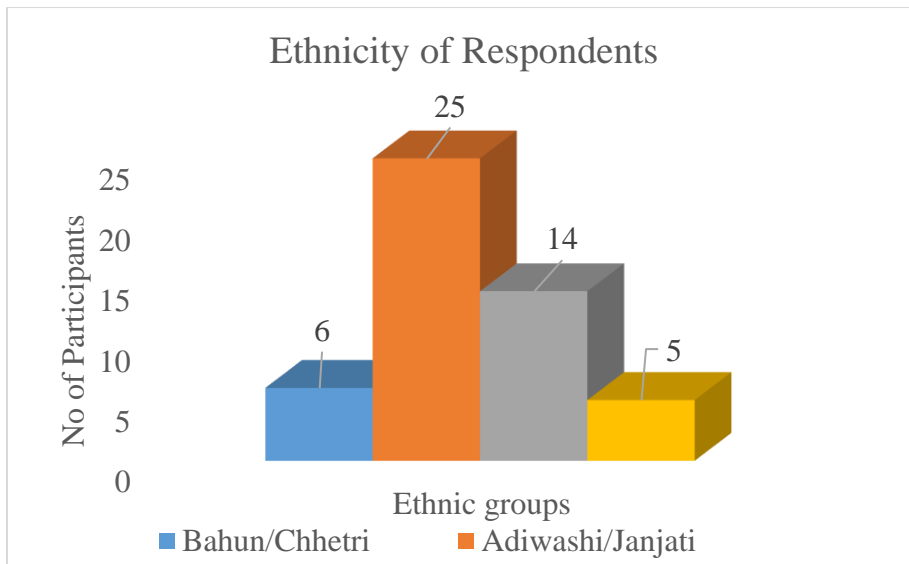


Figure 5. Ethnic distribution of Respondents

4.2.4. Marital Status of Respondents:

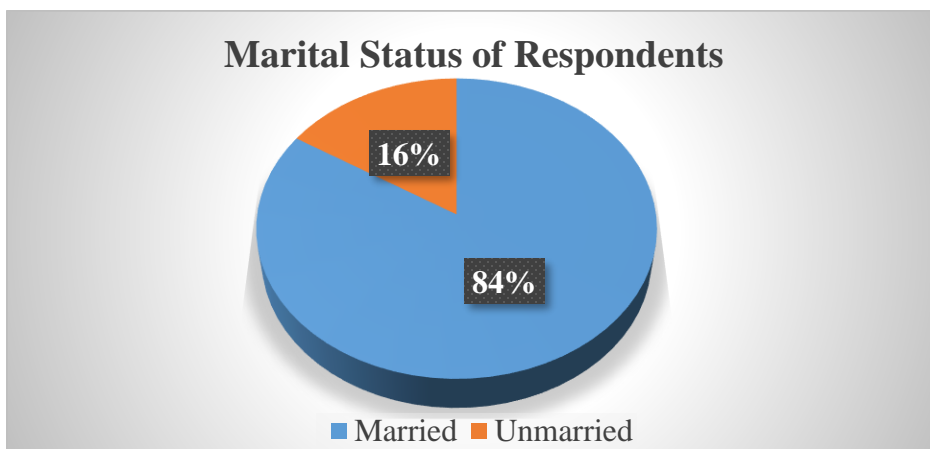


Figure 6. Marital status of Respondents

Regarding marital status of cooperative members this survey report show about 84% married members and remaining 16% unmarried members in the cooperatives. From this it can be considered as the popularity of cooperative is high among the married people as compared to the unmarried people. This may be due to perception of being unstable and stable, before and after marriage respectively among the population and that lead to involvement in cooperative activities. Married people were more stable as compared to unmarried people so the involvement of married is high in cooperatives.

4.2.5 Educational Status of Respondents

Regarding the educational status of respondents, it was found that general literate members were high in the cooperatives as compared to education upto secondary level, bachelor level and masters/ above masters. As the number of general literate population in this municipality is high so, the members population on cooperatives are also high. The figure 5 showed that the population of literate members were 22 out of 50 which was 44% followed by education status upto Bachelor level, Secondary level and members having educational status of Masters degree and above was the least i.e. 3 out of 50. This figure 7 has also explained about the increasing interest of Bachelor level educated people (i.e.13 out of 50) towards association with cooperative for their socio-economic and cultural development.

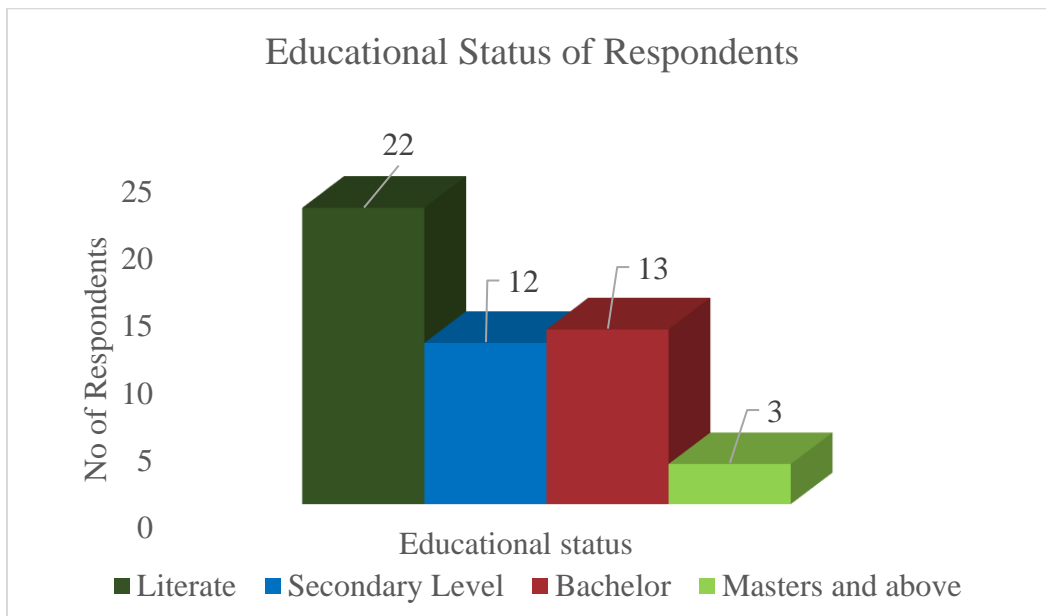


Figure 7. Educational Status of Respondents

4.2.5 Family Size of Respondents:

On the matter of respondents family size the data has exposed about medium size family status from the cooperative members of this municipality, where numbers of members in a family is 4-6 and occupies 40% household population followed by large sized family (i.e. having more than 6 members in family) of 34%. Small sized family were 26% households found from cooperative members associated for their socio-economic development as in given figure 8:

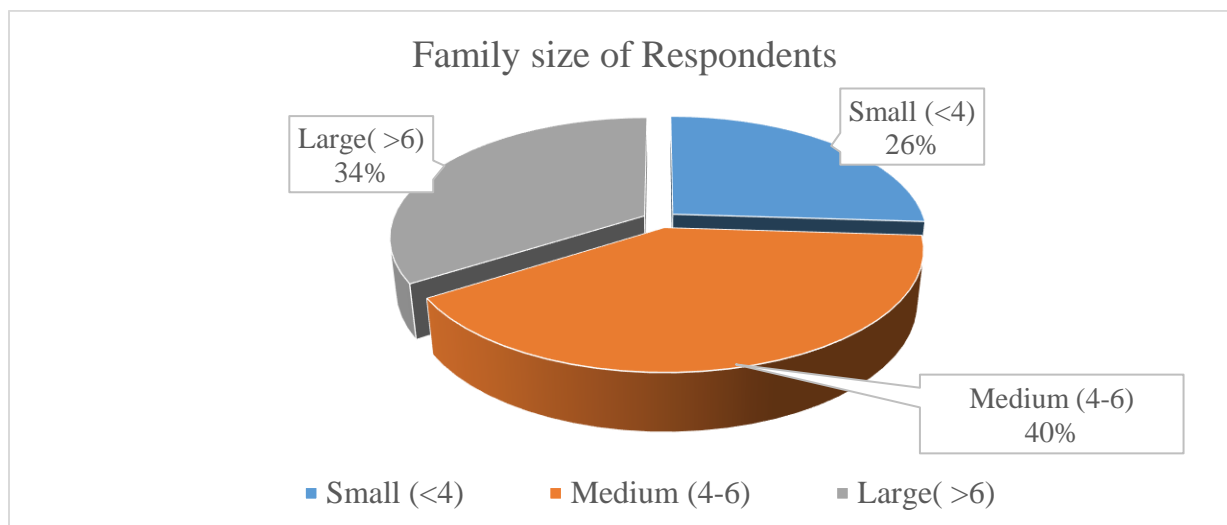


Figure 8. Family Size of Respondents i.e. Cooperative Members

4.3. Occupation and Economic Status of Cooperative members:

Cooperative members in this municipality are mostly dependent on agriculture as their main occupation followed by services, business and labor. Out of 50 cooperative members 37 have agriculture as their main occupation which indicates about 74%. Members involved in service oriented activities in the municipality as their main occupation are 16%. While members doing business and labor as main occupation are 6% and 4% respectively as in given table 2.

Table 2. Cooperative Members Main Occupation

Occupation	Number	Percentage
Farming	37	74
Service	8	16
Business	3	6
Labor	2	4

Source: *Survey 2018*

4.3.2 Respondents Monthly Income:

In concern to the income status of cooperative members. The data obtained stated that 50% of cooperative members have monthly income ranging from Rs 20,000 to 30,000. Cooperative members having monthly income Rs10,000-20,000 are 24%, while 10% of the cooperative members have the highest monthly income between Rs 40,000 to 50,000.

Table 3. Respondents' monthly Income

Monthly Income Rs	Number	Percentage%
10,000-20,000	12	24
20,000-30,000	25	50
30,000-40,000	8	16
40,000-50,000	5	10

Source: *Survey 2018*

4.3.2 Respondents' Yearly Savings:

Regarding the yearly saving of the respondents it was found that most of the cooperative members have early saving between 1-2 lakhs rupees which was 44%, followed by 36% of members having early saving below 1 lakh rupees. The highest early saving of more than 5 lakhs from cooperative members are 4% only.

Table 4. Yearly Savings of Respondents'

Yearly Savings Rs	Number	Percentage%
<1 Lakh	18	36
1-2 Lakhs	22	44
3-4 Lakhs	8	16
> 5 Lakhs	2	4

Source: *Survey 2018*

4.3.3 Investment of Raged Money from Cooperatives:

In this perspective of investment of raged money from cooperative this data elucidated about the investment of raged money in different activities like business development, agriculture production, children education and others like organizing religious and cultural functions. Most of the cooperative members i.e. 46% invest the raged money to develop their business enterprise

further followed by investment in agriculture production is 40%. Cooperative members invested in children higher education and organizing other cultural and religious functions were 10 and 4% respectively as in Figure 9.

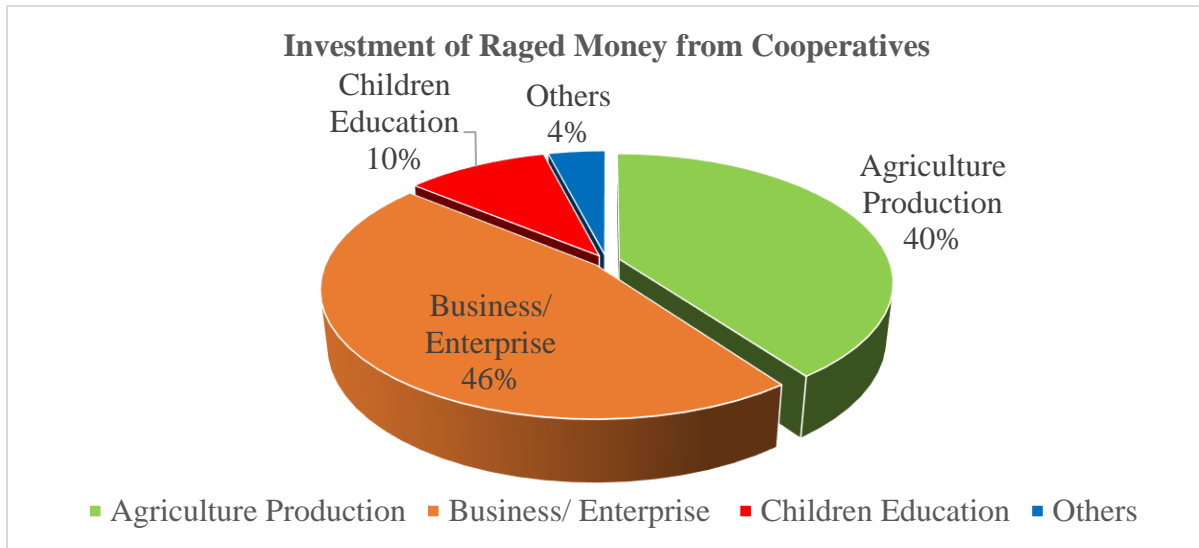


Figure 9. Investment of Raged Money from Cooperative by the members

4.4 Impact of Cooperatives in Income Generating Activities (IGA):

Impact of cooperatives in Income Generating Activities (IGA) in this study is described by various parameters such as change in monthly income, change in yearly saving, loan lending/distribution pattern among the cooperative members, members' perception about cooperative activities and its performance.

4.4.1 Respondents Monthly Income Before and after Associated with Cooperatives

With respect to change in monthly income of cooperative members in Haripur Municipality, it has shown significant change in monthly income of the respondents. As shown in Figure 10, cooperative members were divided into 5 categories of monthly income starting from Rs 10,000 upto Rs 50,000 monthly income before associated with cooperative, while after association with cooperatives the monthly income have been increased and categorized into 4 groups of monthly income starting from Rs 10,000-20,000 range upto Rs 50,000. The figure 10 describes about the change in monthly income of the respondents where, there is no any respondent having monthly income of Rs <10,000 after associated with cooperatives. Similarly, there is decreasing in no of respondents having income of Rs 10,000-20,000 per month from 28 to 12 after association. On the

other hand there is significant increase in number of respondents having monthly income Rs 20,000 to 30,000 i.e. from 12 to 25 after association with cooperative. Number of respondents with monthly income of Rs 40,000- 50,000 is also increased after their involvement in cooperatives (i.e from 1 to 5).

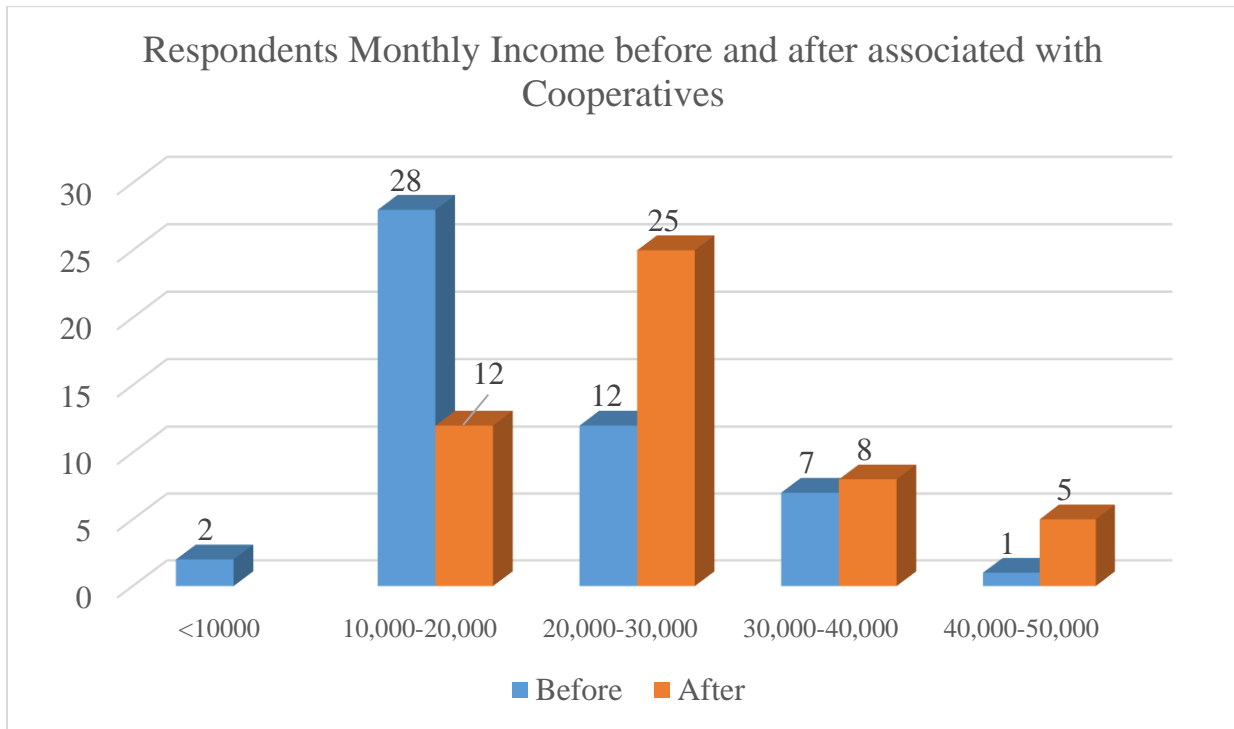


Figure 10. Respondents Monthly Income before after associated with Cooperatives

4.4.2 Impact on respondents yearly saving

After association with cooperatives changes has been observed in yearly savings significantly as described in given figure 11. This figures describes about the changes observed of the respondents after associated with cooperatives. There is decrease in number of respondents having yearly saving below 1 lakh, while for yearly saving more than 1 lakh up to more than 5 lakh the number of respondents have been increased. Significant increase in number of respondents has been observed in Rs 1-2 lakhs of yearly saving from 16 to 22 and further more amount indicates the positive impact of cooperative to the respondents' income generating activities and socio-economic status.

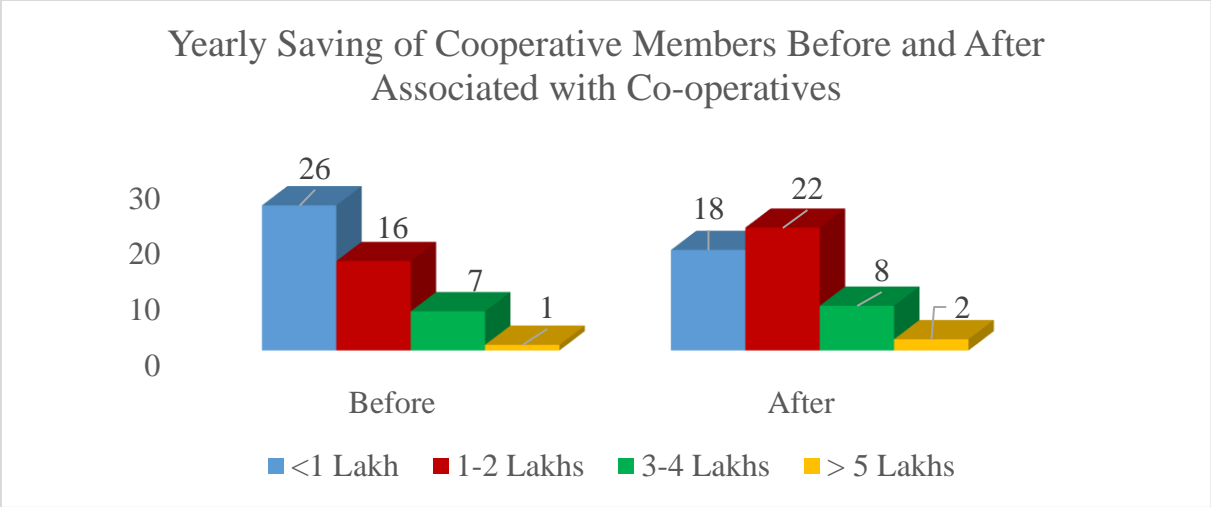


Figure 11 Impact of Cooperative on Respondents Yearly Saving

4.4.3 Impact on Money Lending Pattern of Respondents:

As per the survey report for determination of impact of cooperative on money lending pattern of respondents this figure 12 describes changing pattern of money lending pattern of respondents from local money lenders towards cooperatives. This figures describes about decrease in money lending from local money lenders from 54% to 12% after respondents involvement in cooperatives. There is also decrease in money loaning pattern of respondents from bank toward cooperative after associated with cooperative from 46% to 36%. Money loaning from cooperative has been increased significantly up to 52% to its members.

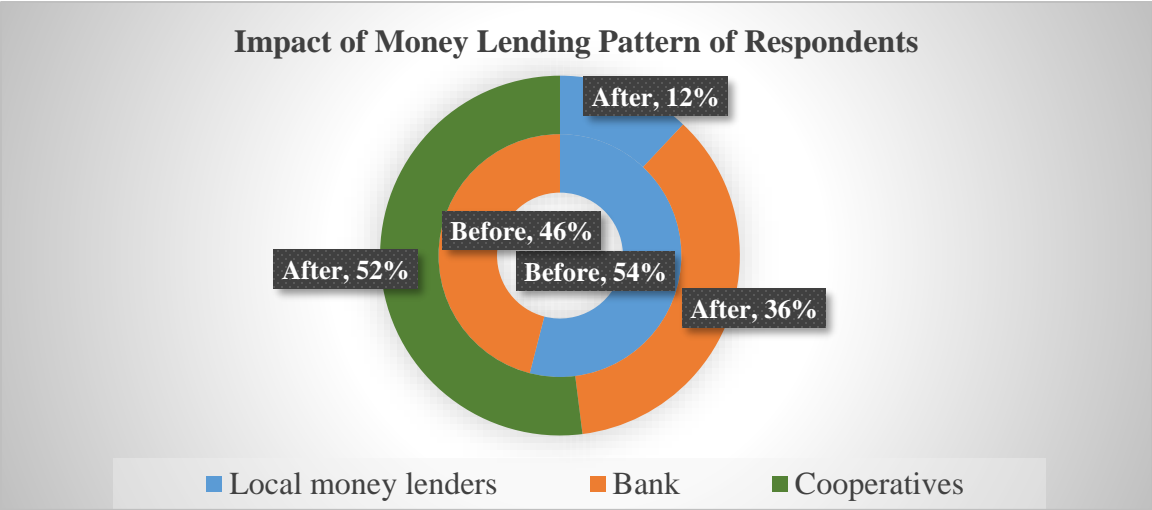


Figure 12. Impact on Money Lending Pattern of Respondents

4.4.4. Loan Taken by the Respondents:

Regarding loan taken by the respondents from cooperative five categories has been developed as per the amount of loan as given in the table 5. 46 % of the respondents lie on this categories that some of them don't take any loan from cooperative and some took loan of very little amount i.e. less than Rs 50,000 loan from cooperatives followed by loan amount 2 to 10 lakhs Rupees i.e. 20% respondent. No of respondents loaning money up to 1 lakh and more than 10 lakhs are 14% and 12% respectively, while money lending of Rs 1- 2 lakhs is only 8%.

Table 5 Loan taken by the respondents

Amount in Rs	No of Respondents	Percentage
<50,000	23	46
50,000-1 Lakh	7	14
1 Lakh- 2 Lakhs	4	8
2 Lakh-10 Lakhs	10	20
>10Lakh	6	12

Source: *Survey 2018*

4.4.5 No of times taken loan and Paid by Co-operatives members

Concerning about the time taken Loan and Paid by the Cooperative members 38% of respondents have taken loan for two times. Similarly 36% of members have paid loan for 2 times which is considered as highest as per this table. The loan taken by members for 1 time and more than 2 times are 26 % and 20% respectively, while 16% of respondents have not taken any loan from cooperatives. Regarding percentage of respondents for the number of time that loan is paid by cooperative members are 22% and 26% for 1 time and more than 2 times respectively. This table has pointed out about the interaction of respondents with cooperative for socio-economic and income generating activities.

Table 6. No of times taken loan and Paid by Co-operatives members

Time	No. of Respondents	Percentage	No of Respondents	Percentage
Not Yet	8	16	8	16
1	13	26	11	22
2	19	38	18	36
>2	10	20	13	26

Source: *Survey 2018*

4.4.6 Decision about loan bearing from Co-operative and its investment

This survey report describes about respondents participation on decision making process during loan bearing and investment. From the given table 7 it can be notified that 44% and 52% of decision were taken after discussion in the family for both loan bearing and investment respectively. While respondents loan bearing decision is 32% as well as for investment is 24%. The decision of loan bearing and investment by the house owner is same 24% in both cases.

Table 7. Decision about loan bearing from Cooperative and its investment

Member Decision	For Loan bearing		For Investment	
	No of Respondent	Percentage	No of Respondent	Percentage
Self	16	32	12	24
House owner	12	24	12	24
After discussion in family	22	44	26	52

Source: *Survey 2018*

4.5 Respondents Perception for Cooperative Activities:

Respondent's perception for cooperative activities has been tried to record in this section in order to know about their attitude towards cooperative activities and impact of cooperative in their socio-economic condition. Significant positive changes have been recorded that are described by several tables and figures.

4.5.1 Respondents Satisfaction from Cooperative Activities:

The given table 8 describes about respondent perception for cooperative activities in which they are involved in. As agriculture is the main occupation of most of the respondents and agriculture cooperative activities has helped to solve their technical as well as financial problems through buying and selling agriculture goods. 46% of respondents were satisfied with the buying and selling activities of cooperative, followed by management of consumer goods i.e. 34%. Similarly 14% of respondents are satisfied with arrangement of loan distribution by the cooperative. Only 6% of the respondents are satisfied with supply of agriculture good by their cooperatives.

Table 8. Respondents Satisfaction from Cooperative activities

Cooperative activities	No of Respondents	Percentage %
The arrangement of Loan distribution	7	14
Management for consumer goods	17	34
Supply of Agricultural Goods	3	6
Buying and selling agriculture products	23	46

Source: *Survey 2018*

4.5.2 Respondents Perception on Facilities Provided by Cooperatives:

Respondents have given mixed opinion about the loan lending facilities by cooperatives in Haripur, Municipality. As described in Table 9, 60% of respondents have opinion about easy process of loan lending by cooperatives as compared to other financial institutions. While 24% of respondents considered that cooperative have lower interest rate. 6% of respondents feel that cooperative provide then loan without guarantee as its facility while 10% of respondents thought that all of above facilities are provided by cooperatives for loan distribution.

Table 9 Facilities Provided by Cooperatives to its members on loan distribution:

Facilities	No of Respondents	Percentage
Easy Process	30	60
Low interest rate	12	24
Can do without Guarantee	3	6
All of above	5	10

Source: *Survey 2018*

4.5.3 Respondents Perception for Co-operative activities on distribution of goods and services:

As per respondents point of view 56% of cooperative members have opinion on improvement of cooperative activities regarding distribution of good and services to its members. While 28% respondents are satisfied with the distributing activities of goods and services by the cooperatives.

16% respondents are unsatisfied opinion on distribution of goods and services as these activities are not enough.

Table 10 Co-operative activities on distribution of goods and services

Distribution Status	No of Respondents	Percentage
Enough	14	28
Not enough	8	16
Need to improve	28	56

Source: *Survey 2018*

4.5.4 Respondents knowledge about Cooperatives, Participation and Benefit gained

Regarding the awareness of respondent on information about cooperatives, participation and benefit gained all the respondents feel that they have gained benefit from cooperatives. 80% of respondents have participated on cooperative activities while 76% have developed their knowledge on cooperatives as given in table 11.

Table 11 Respondents, knowledge on Cooperatives, Participation & Benefit gained

Respondents Perception	Yes	Percentage	No	Percentage
Participation	38	76%	12	24%
Knowledge	40	80%	10	20%
Benefit gained	50	100%		

Source: *Survey 2018*

4.5.5 Changes felt by the Respondents

As per this figure it can be concluded that 50% of respondents have felt about economic benefit gained from cooperative followed by 32% respondents on training and skill development. 18% of respondents have feeling of change in behavior after association with cooperative for their socio-economic development.

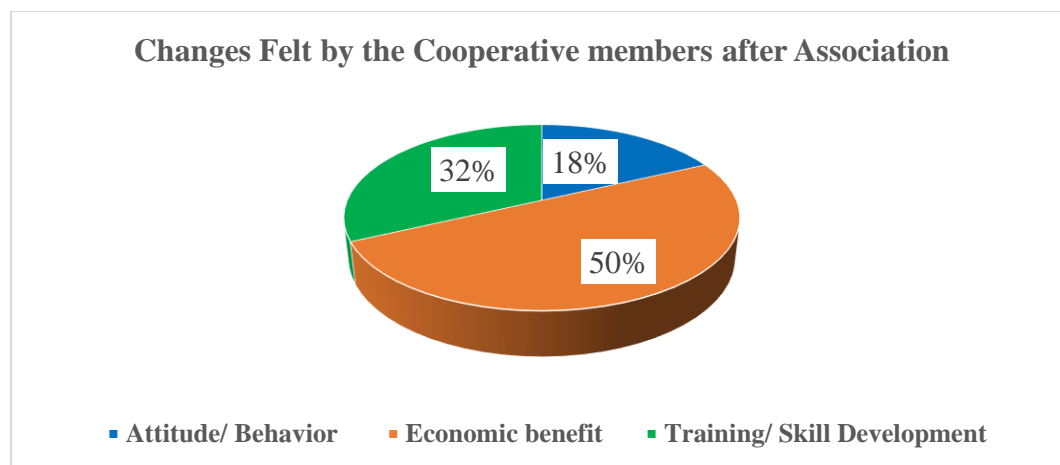


Figure 13 Changes Felt by the Cooperative members after Association

4.6 Impact of Cooperatives on Respondents' Socio-economic Condition:

From the given table 12 it can be considered as cooperative has brought positive impact on socio-economic status development of the respondents. Different aspects of socio-economic and environmental condition have taken into consideration to measure the impact of cooperatives such as building house, drinking water facility, toilet facility, increment on land ownership, investment on higher education of children etc., where 12% of respondents have built their cemented house from wooden and galvanized roof house. Similarly 8 and 10% of respondents have developed their drinking water and toilet facility on their house. 44% of respondents have developed their business through investment on it with the help of cooperative, while 20% of respondents have invested their money to buy land. On the other hand 6% of the respondents have invested in higher education of their children.

Table 12 Changes on socio-economic condition of Respondents

Changes	No of Respondents	Percentage	Remarks
Build House	6	12%	From wooden/ Galvanized to Cemented
Drinking Water facility	4	8%	Shallow Tube
Toilet Facility	5	10%	
Investment in child Education	3	6%	Higher Education
Invested on Business development	22	44%	
Increase in land ownership	10	20%	

Source: *Survey 2018*

4.7 Cooperatives Role in Rural Development- Respondents' Perspectives

4.7.1 Impact of Co-operatives in rural development

As per described in figure 14 most of the responds have opinion about positive impact on rural development i.e. 52%, while 36% have both views of positive and negative impact. 8% of the respondents don't know about this but 4% of respondents have feeling about negative impact of cooperative in rural development. As per the views on negative impact of cooperative in rural development they feel that cooperatives are responsible for creating misunderstanding among families and family members as well as investment of money on unnecessary activities.

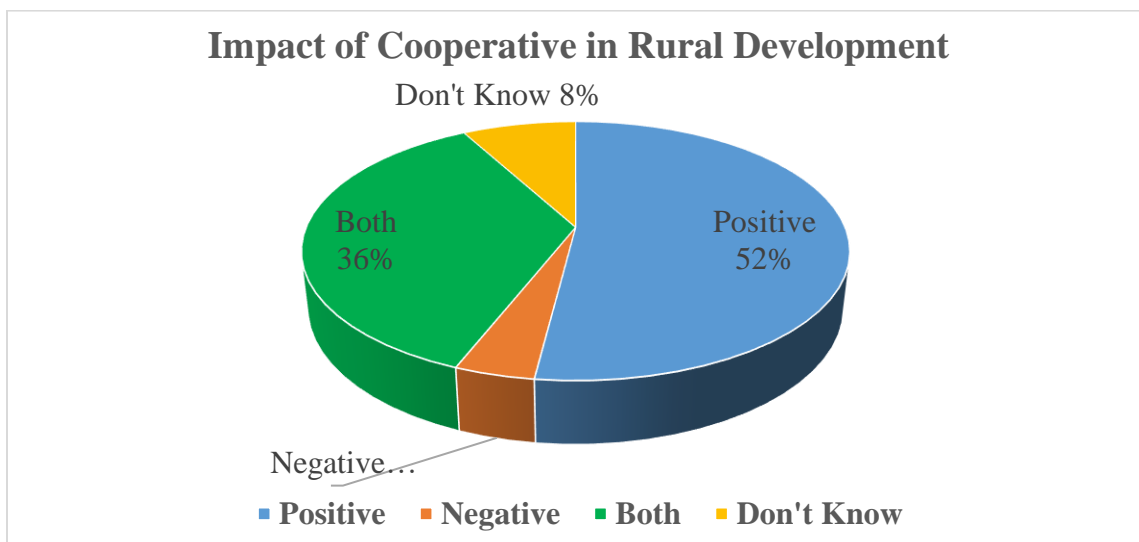


Figure 14 Respondents Opinion on Impact of Cooperative in Rural Development

4. 7.2 Impact of Cooperative on different sectors of Rural Development

Regarding the impact of cooperative on different sectors of rural development this table 13 given below indicated that cooperatives are involved in various sectors of rural development such as raising social awareness, skill and capacity development of its members and infrastructure development etc. 50% of the respondents feel that cooperative have impacted on skill and capacity development of its members leading to the rural development while 16% of respondents have opinion of its impact on infrastructure development. 8% of respondents consider the impact of cooperative is in raising social awareness also. But 28% of respondents don't know about this.

Table 13 Impact of Cooperative on different sectors of Rural Development

Sectors	No of Respondents	Percentage
Infrastructure Development	8	16
Skill/Capacity Development	25	50
Social Awareness	4	8
Don't Know	14	28

Source: *Survey 2018*

4.7.3. Impact of Co-operative in society

As per described in table 14 most of the cooperative members have perception about its positive impact in society and social activities. The table 14 describes respondents' opinion on impact of cooperative in various social aspects with 92% on positive side. Regarding generating value of group and team work for development 92% of respondents feel for cooperative actions. Similarly 84% of cooperative members considered that cooperative have developed skill and capacity of their members. 76% of respondents feel that cooperative have raised awareness on health and sanitation in the society. While only 28% of respondents have feeling about cooperative impact on infrastructure development and remaining 72% don't have information regarding this. This indicates that although cooperative have positive impact on society and rural development there is less awareness about its activities among its members and also among other people so the awareness about their social and rural development activities should be promoted more and more.

Table 14 Impact of Cooperative in Society

Social Aspects	Impacts	No of Respondents	Percentage
Positive/Negative	Positive	46	92
	Negative	4	8
Value of group and team work for development:	Generated	46	92
	Not generated	4	8
Skill & capacity development:	Yes	42	84
	No	8	16
Awareness on heath and sanitation:	Yes	38	76
	No	12	24
Infrastructure development	Done	14	28
	Not done	36	72

Source: *Survey 2018*

3.8 Status & Role of Cooperatives in Rural Development: Cooperatives' View

3.8.1 Cooperatives registered from 2053 B.S. to till now

26 Cooperatives have been registered as working in boundary of Haripur, Municipality since year 2053 B.S. till 2073. Sana Kisan Agriculture Cooperative Limited, Pidari-1, Haripur is the first registered cooperative in the year 2053 B.S. and till now it is running very successfully. The latest registered cooperative was in 2073 B.S. So from considering the starting of cooperative in Haripur Municipality from 2073 B.S. till now the registration period has been subdivided into 5 groups of 5 years range and the result is as follows:

Table 15. Year Period of Registration of Cooperative in Haripur, Municipality

Year Period (5 Years)	No of Registered Cooperatives
2053 – 2057 B.S.	3
2058 – 2062 B.S.	1
2063 – 2067 B.S.	8
2068 – 2072 B.S.	10
2073 – till now	4
Total	26

Source: *Survey 2018*

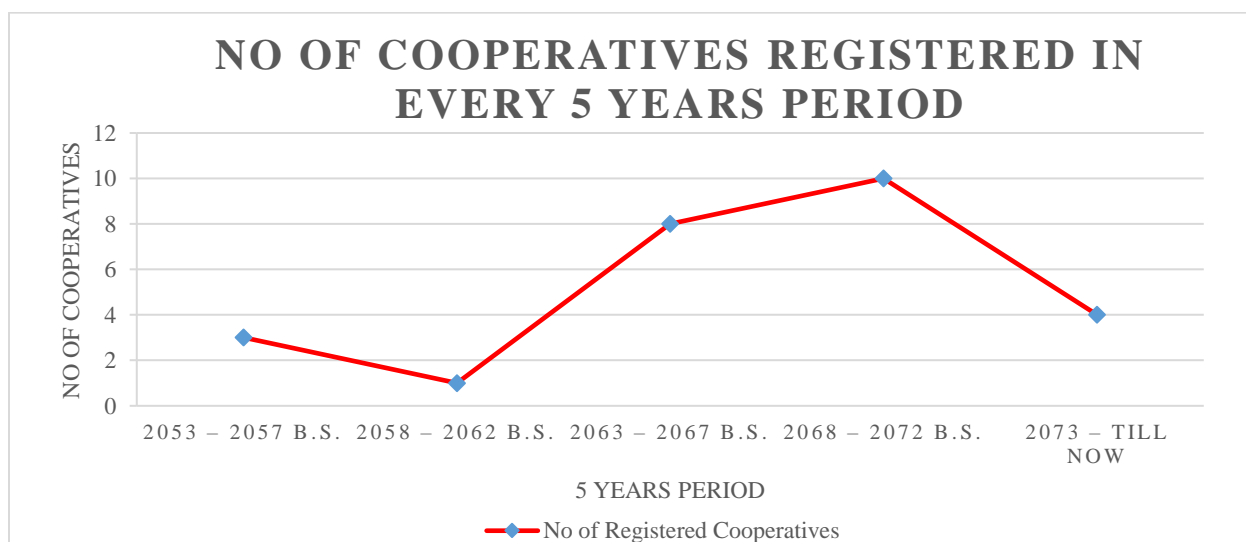


Figure 15 No of Cooperatives registered in 5 years period

The Figure 15 stated that initially there was decrease in registration of new cooperatives in period of 2058-2062 B.S., while in further years there was increase in registration of new cooperatives in year 2063-2067 B.S. and 2068 – 2072 B.S. Again, there have been decrease in registration of new cooperatives observed from 2073 B.S. till now. The initial decrease was due lack of awareness about cooperative in rural people and its inaccessibility to the poor people. At that time cooperative was considered to be for the people of high economic income. Later on after raising awareness about cooperatives to the local rural people and its successive examples of registered cooperatives the gradual increase in number was observed in 10 years period. After year 2073 B.S. and till now the number of new registered cooperatives is decreasing, is considered as saturation of cooperatives as compared to household in the Haripur, Municipality areas and people’s awareness about banking and other financial systems available near them.

3.8.2 Economic Status of Cooperatives

Regarding the economic status of Cooperatives four cooperatives were selected randomly to examine the assets and investment status of cooperatives. Figure 16 has showed the assets and investment status of four cooperatives in fiscal year 2074/75, where two cooperatives registered after 2073 B.S. have assets and investment below 50 lakhs and on the other side two cooperatives registered before 2073 B.S have assets and investment above 1crore to 14 crore Nepalese Rupees.

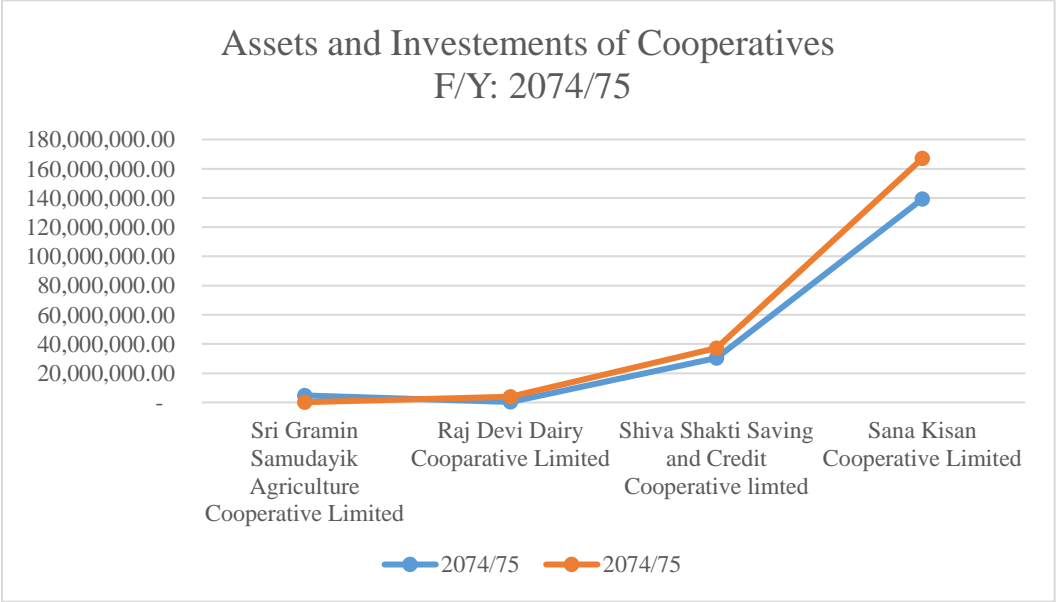


Figure 16 Assets and Investments of Cooperatives in Fiscal Year 2074/75

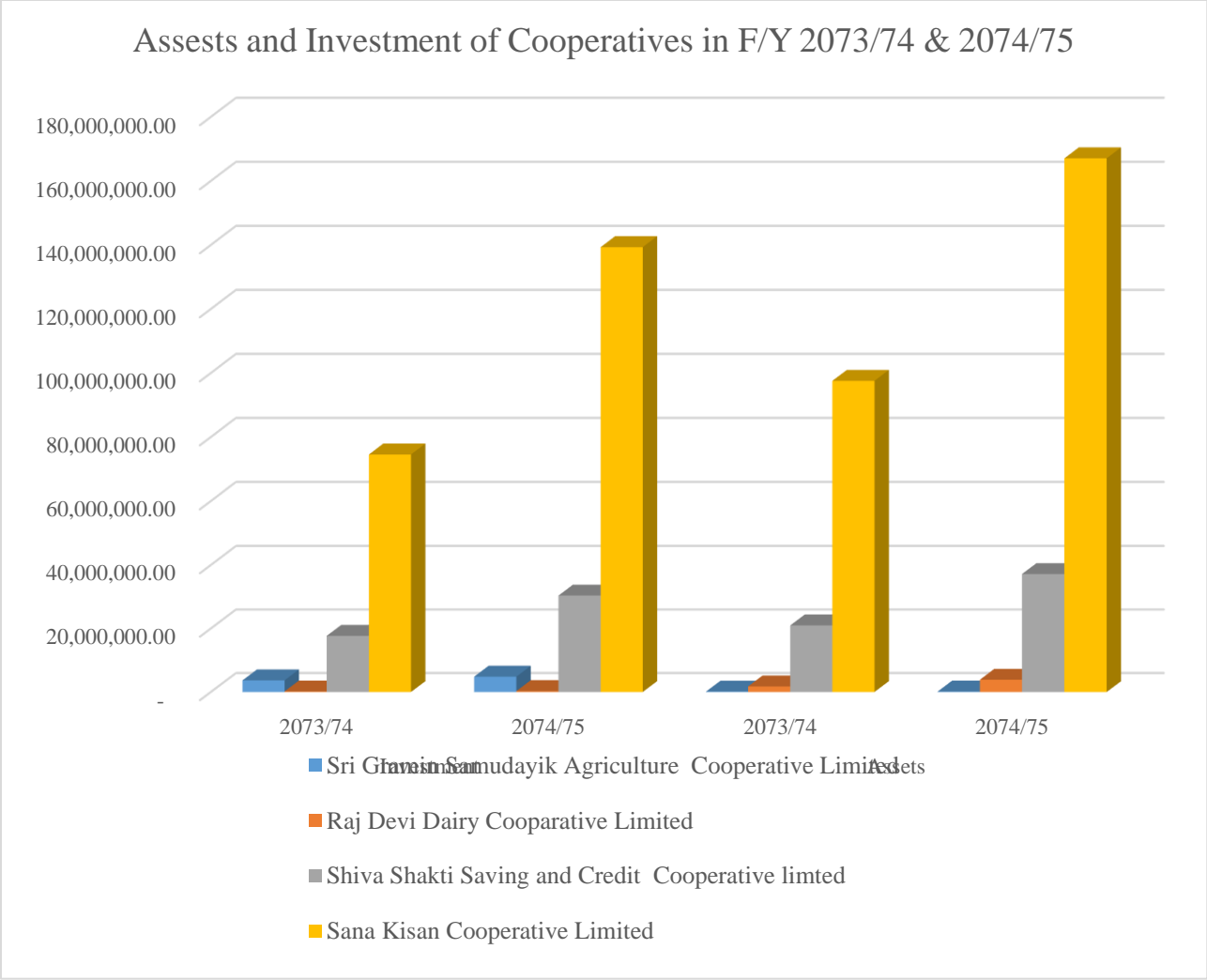


Figure 17 Assets and Investment of cooperatives in F/Y 2073/74 and 2074/75

In another figure 17 which showed the investment and assets of these cooperative of F/Y 2073/74 & 2074/75 where gradual increase in assets as well as investments in these two years so it can be considered as due to awareness about cooperatives and people’s change in behavior of saving and credit through cooperatives for the socio-economic development.

3.8.3 Cooperatives Contribution and Impact on Rural Development:

As per discussion with cooperative officers and local leaders of Haripur, Municipality about its contribution on Rural Development of Haripur Municipality, mixed review has been observed, where total 20 persons’ review has been taken in which 10 were cooperative officers and 10 were local leaders and the results was as follows:

Table 16 Cooperative Contribution on Rural Development

Aspects of Rural Development	Cooperative Officers Views	Local Leaders Views
Positive impact	7	6
Have both (Positive/Negative) impact	3	4
Skill/Capacity Development	5	2
Infrastructure Development	3	3
Both (Infrastructure/skill Development)	2	5
Social awareness on health & sanitation	10	7
Environment of team work development	10	6

The above table 16 described about mixed reviews of contribution of cooperatives towards rural development but the overall contribution can be considered as positive impact on rural socio-economic development through infrastructure as well as skill/ capacity development of the rural people and also raising awareness about health and sanitation in the rural community along with creating working in team to achieve common social goal as per the principle of cooperatives.

CHAPTER V

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

A Co-operative is an autonomous association of people who work together voluntarily based on principle of co-operation for their self-help and mutual benefit, in context of socially, economically and culturally. Cooperatives aim to increase and improve financial access to regions where financial institutions are unreachable. The cooperative is seen as the most important tool to reduce the urban-rural gap through the transformation of the rural world. In Nepal, a cooperative was set up to improve the socio-economic status of the rural people through their involvement in self-governing rural financial institutions. It also plays a fundamental role in solving the problem of capital shortages due to capital formation in rural and peri-urban areas of Nepal.

The main objective of the study is to analyze the role of cooperatives working in the areas of Haripur Municipality for income generation and socio-economic development of rural people.

The study is mainly based on primary and secondary sources of data. The primary data was collected through questionnaire development and fulfilled by the key respondents of cooperatives and other officials having information about cooperatives, while secondary data were taken from journals, reports, books, publication, websites etc. The collected data were analyzed by using financial and statistical tools after collecting the data from different sources. Multiple Cooperatives are involved in multiple subjects functioning such as collection of saving deposits, loan distribution to the members, running small consumer store, collecting members' production and selling them to the market, income generation and skill/capacity development of members as well as contributing in rural development. Cooperatives are thus very important means to organize self-employment and income generation on the group of members.

The study was carried in Haripur, Municipality of Sarlahi, district. 26 cooperatives are registered in the Haripur, Municipality Office, Haripur from 2053 B.S. to till now and all they are working in Haripur, Municipality areas at different places of this municipality. The study shows that cooperative has invested its huge amount in the field of agriculture, saving and credit, dairy development and business sector as per demand of socio-economic development of rural people of this municipality.

Similarly, role of cooperatives in income generating activities of its members and rural development were analyzed through the different table, pie chart and trend line.

The Findings of the Study are as follows:

Based on working sectors cooperatives implementing in Haripur, Municipality, Sarlahi district are divided into following categories as agriculture, saving and credit, dairy, women and consumer. Agriculture cooperative is one of the first sector that initiated in Haripur, Municipality areas based on socio-economic development of rural farmers. As per time and awareness of rural people more cooperatives have been establish in many sectors. To analyze the role of cooperatives, in income generation activities of rural people and in rural development thus, fifty samples were collected randomly through questionnaire fulfillment by the respondents in which 60% of respondents were male and 40% were female and most of the respondents were between the age group of 30-40 years as 22 respondents followed by 40-50 years age group and 20-30 years age group as 12 respondents in both group. Regarding the ethnicity of the respondents out of 50, almost 50% of respondents belong to Adiwashi/ Janajati ethnic group followed by Madhesi, Bahun/Chhetri and Muslims as 28%, 12% and 10% respectively. Considering about the educational and marital status of the respondents most of the rural people engaged in cooperatives are simply literate and married. Regarding the family size, majority of the respondents are having medium sized family i.e. 4-6 family members in a family represented by 40% of respondents. Majority of the respondents are dependent on agriculture as their main occupation i.e. 76% followed by services 16%, business 6% and labor 4%. Cooperatives in Haripur, Municipality has no any role influencing the decision of respondents for their choice in occupation. Most of the rural people follow the cooperative to be engaged with as per their main occupation.

In view of respondents' monthly income and early saving most the respondents have Rs 20,000-30,000 monthly income as well as 1-2 lakhs rupees of yearly saving. Positive changes have been notified i.e. increase in monthly income and yearly savings of respondents after their association with cooperatives. Although the raged money from cooperatives are used as per the needs of respondents in most cases respondents invest to their business development followed by investment in agriculture and children's higher education. In some rare cases they use the raged money in performing ritual and cultural functions. After association with cooperatives the responds usually take loan from the cooperative to fulfill their financial needs instead of loaning from local money lenders. There is 52% increase in money loaning from cooperative by the cooperative members, while decrease in pattern of money loaning from local lenders to 12% from 54% by the rural people after engaging in cooperative activities.

Regarding the loan amount, most of the respondents' have taken loan below rupees 50,000 from cooperative to overcome from financial crisis immediately and have paid in time and most of the cooperative members have taken loan and paid the loan amount for 2 times. While for taking loan in most cases the respondents' clarified their view that after discussion with family members they decide to take loan from cooperative and investment of that loaned money.

In context of respondents' perception about cooperative facilities provided to its members majority of the member have positive perception on easy processes of cooperative for financial activities, while in other case of cooperative activities regarding to the distribution of good and services of cooperative they put their view that cooperatives need improvement on this matter and should think about consumers as well as member satisfaction. Respondents' also felt that economic benefit gained through cooperatives along with participation and knowledge development about cooperatives activities. 50% of respondents have view about economic benefit, while 32% have took it as skill/ capacity development and 18% have opinion about change in attitude and behavior after getting engaged in cooperative activities. On the matter of role of cooperative in change in socio-economic status of respondents they believe that in various aspects of society cooperative have played significant role i.e. infrastructures development, public health and sanitation maintenance, investment in children higher education, investment in business development and land ownership. Among all these aspects, 44% of respondents have view on positive role of cooperative in business development. 52% of the respondents have opinion about positive impact of cooperative in rural development and cooperative have impact on infrastructures development, raising social awareness and skill and capacity development of rural people.

After discussion with officials from cooperatives and local leaders they have more positive review about the role of cooperative in income generation activities and rural development through arising social awareness on income, investment, business development, health and sanitation, building rural infrastructures, skill and capacity development of rural people. The collected data has shown the increasing assets and investments of the cooperative every year which indicates the involvement of rural people in cooperative activities.

As till now cooperatives in Haripur, Municipality have played very important role in income generation and rural development of rural people but it need to improve in future as per demand for its sustainability and rural sustainable development as it is one of the means of rural economic development.

5.2 Conclusion

Cooperatives are regarded as one of the pillar of economic development of the country. They acts through accumulating the scattered money of small businessman, craftman and general public and mobilize that to the needy person of lower-middle class in the society. It also invests the accumulated money to uplift the standard of living and to improve the living standard of people. It helps to reduce the poverty prevailing in the middleclass group of people in rural area and help in the capital formation process. Cooperatives have the responsibility of providing financial as well as technical assistance to the poor people for income generation and socio-economic empowerment. So, cooperative is considered as a device to fill the gap between haves and have not.

Cooperatives are very important for economic development of the country especially in rural areas in country like Nepal, where government is unable to intervene into most of the rural societies. The cooperative system have been updated time to time and adopted by many developed and developing countries in various sectors of the economy for socio-economic development and uplifting the standard of living of poor and middleclass group of people through accumulating the scattered money for investing in the productive sector of the economy. So, cooperative has the social and economic impact on both aspects i.e. to its members and whole society.

Cooperative plays a vital role to provide the financial service to its members and help to generate the economic activities of the society. Transformation of unproductive money to the productive sector is very crucial role played by the cooperative in rural areas. The result of this transformation members associated with cooperatives are being more successful in their occupation these days.

Cooperative creates the environment of cooperation among its members. They work together to achieve common goals set by the members on mutual understandings. This form of voluntary organization has been growing popularly in the sphere of economic activities particularly among the economically weak member of community, where they cannot protect their interest on an individual basis. The objectives of cooperative are generally related to the welfare of its members through involvement in economic activities. It always tries to develop the economic, social and mental empowerment of members. Cooperatives are based on the value of self- help, mutual help, self-responsibilities, democracy, equality and solidarity value of honesty, owner, social responsibility and caring of others. Cooperative plays an important role in poverty reduction, facilitating job creation, economic growth and social development.

5.3 Recommendations

The following recommendation can be prepared on the basis of the study for the further growth and development of cooperative:

- i. Cooperative should have balanced in credit and investment pattern of the business sector.
- ii. Cooperative should also invest in other sector of business which helps to increase the economic activities in the society.
- iii. The cooperative should provide the varieties of credit services with the low rate of interest for the creation of self-independency environment and doing the something unique work in the society.
- iv. The cooperative should increase the investment in such a ratio which can help to balance between credit and investment.
- v. The rate of interest on loan should be minimized.
- vii. Principally cooperatives are always responsible to the members. Without active members, the institution cannot run smoothly. It is necessary to improve economic status to increase the living standard of members. Hence, to meet this purpose, the cooperative should organize the suitable programs which help to increase the working skill.

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Questionnaires

Co-operative role in Income Generating Activities for Rural Development

Research Questionnaire:

Name of Interviewer.....Date of Interview:

Address of Respondent: Ward No:

Name of Co-operative.....

Address of Co-operative:.....

Position on Cooperative.....

Type of Co-operative..... Years of registration.....

1. Associated with co-operativemonth/years; Type: Regular/ Occasional

2. Ethnicity:

- a. Brahmin/Chettri b. Adiwasi/Janajati c. Madheshi
d. Dalit e. If others Specify

3. Age:

4. Sex:

- a. Male b. Female
c. Third Gender

5. Marital Status:

- a. Married b. unmarried
c. Widow d. widier e. separated/divorce

6. Educational Status

- a. Literate b. Secondary level
c. Bachelor d. Masters and above

7. Family members:

8. Type of entrepreneur

- a. producing b. collection/ distribution
c. business/marketing d. Service
e. Others

9. Main Occupation of the respondent despite cooperative:

- a) Farming b) Service
c) Business d) Labor e) Others

Information on the contribution of cooperative in local employment generation:

10. Respondents main occupation
- a) before associated with Co-operative b) After associated with Co-operative
11. Respondents monthly income Rs.....
- a) before associated with Co-operative b) After associated with Co-operative
12. Respondents yearly savings Rs.....
- a) before associated with Co-operative b) After associated with Co-operative
13. How do you know about Co-operative?
- a) Family members b) Friends
c) Village/Municipality d) Co-operative members
14. Why you are associated with co-operative?
- a) To increase income b) To help friends
c) To develop skill d) Others
15. What is your source of loan?
- a) Local money lenders b) Loan from bank
c) Loan from Co-operative d) Others
16. Where do you invest these raged money?
- a) Agriculture Production b) business/enterprise development
c) Children Education d) Others
17. In which area are you satisfied from cooperative system?
- a) Arrangement of loan distribution b) Management for consumer goods
c) Supply of agricultural goods d) Buying and selling of agriculture products
18. What are the change in behavior after entering in cooperative?
- a) Attitude behavior b) Economic benefit
c) Training/Skill development System d) Others
19. How much loan have you taken from Co-operative?
20. How many times have you taken loan from Co-operative?
- a) Not at all b) One time
c) Two times d) More than two times
21. How many times have you paid your loan to Co-operative?
- a) Not at all b) One time
c) Two times d) More than two times

22. What is the cause to take loan from Co-operative?

- a) Easy Process
- b) Low interest rate
- c) Can do without Guarantee
- d) All of above

23. Causes not to take loan from Co-operative

- a) Lengthy Process
- b) High interest rate
- c) Can't get enough
- d) Not needed to take loan

24. How do you feel about Co-operative activities on distribution of goods and services

- a) Enough
- b) Not enough
- c) Need to improve
- d) others

25. Have you benefited from Co-operative Loan?

- a) Yes
- b) No

26. Who will decide about taking loan from Co-operative in your family?

- a) Self
- b) House owner
- c) After discussion in family
- d) others

27. Who will decide to invest of loan taken from Co-operative in your family?

- a) Self
- b) House owner
- c) After discussion in family
- d) others

28. What changes have been happened after associated with Co-operative?

- a) Build house cemented/ Galvanized roof/ wooden/ others
- b) Drinking water facility: have/ not have
- c) Toilet facility in house: have /not have
- d) Investment in child education: have/not have (Child shifted to high level school from general)
- e) Investment in business: more/less
- f) Increase in land ownership : yes/no
- g) Other changes if.....
- h) No any changes

29. Your participation in Co-operative decision : Yes/No

.....

30. Do you know about the Co-operative running process?

.....

31. What do you suggest about solving of Co-operative related problems?

.....

Co-operative role in Rural Development

32. What is the impact of Co-operative in rural development?

- a) Positive b) negative
- c) both d) don't know

33. In which sectors of rural development does Co-operative has impacted?

- a) Infrastructure development b) Skill/ Capacity development
- e) social awareness d) don't know

34. What is the impact of Co-operative in society.

- a) Positive/ negative
- b) Value of group and team work for development: generated / not generated
- c) Skill & capacity development: yes/no
- d) Awareness on heath and sanitation: yes/no
- e) Infrastructure development: done /not done

35. What is the total investment of Co-operative from 2067 to 2074?

2067	2071
2068	2072
2069	2073
2070	2074

36. What is the total assets of Janata Bachat from 2067 to 2074?

2067	2071
2068	2072
2069	2073
2070	2074